Waltz

WORLD POLITICS

A Quarterly Journal of International Relations

F ... 403,411
62 419— , 459

Volume IX, Number 3 April 1957

Price $6.00 per year

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

UNDER THE EDITORIAL SPONSORSHIP OF

CENTER OF INTERNATIONAL STUDIES
PRINCETON UNIVERSITY

PUBLISHED BY PRINCETON UNIVERSITY PRESS

EDITORIAL BOARD

FREDERICK S. DUNN, *Chairman*
BERNARD C. COHEN, *Managing Editor*
JEAN MACLACHLAN, *Assistant Managing Editor*
KLAUS KNORR, *Review Article Editor*

PERCY E. CORBETT
GORDON A. CRAIG
WILLIAM T. R. FOX
EDGAR S. FURNISS, JR.

ADVISORY EDITORS

GABRIEL A. ALMOND
CYRIL E. BLACK
BERNARD BRODIE
JEROME S. BRUNER
MCGEORGE BUNDY
RUPERT EMERSON
HAJO HOLBORN
PHILIP C. JESSUP
JOSEPH E. JOHNSON
STEPHEN B. JONES
WILLIAM W. KAUFMANN
GRAYSON L. KIRK
HAROLD D. LASSWELL
WILLIAM W. LOCKWOOD
EDWARD S. MASON
MAX F. MILLIKAN
HANS J. MORGENTHAU
PHILIP E. MOSELY
RICHARD C. SNYDER
HANS SPEIER
HAROLD SPROUT
JACOB VINER
ARNOLD WOLFERS
QUINCY WRIGHT

The editors invite the submission of articles bearing upon problems of international relations. Editorial communications and manuscripts should be addressed to WORLD POLITICS, Woodrow Wilson Hall, Princeton, N.J.

Subscriptions: WORLD POLITICS, Woodrow Wilson Hall, Princeton, N.J.
Advertising: Advertising Department, Princeton University Press, Princeton, N.J.

WORLD POLITICS is indexed by the *International Index to Periodicals*, and abstracts of its articles appear in *International Political Science Abstracts.*

Statements of fact and opinion appearing in WORLD POLITICS are made on the responsibility of the authors alone, and do not imply the endorsement of the editors or publishers.

Copyright, 1957, by Princeton University Press

WORLD POLITICS. Published quarterly by Princeton University Press. April 1957. Vol. IX, No. 3. Entered as Second Class matter in the Post Office at Princeton, New Jersey, under the Act of March 3, 1879. Printed in the United States of America by Princeton University Press. Subscriptions $6.00 per year (two years $10.00); single copies $2.00. Foreign postage 25 cents additional per year.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WORLD POLITICS

VOL. IX APRIL 1957 No. 3

CONTENTS

Soviet Atomic Blackmail and the North Atlantic Alliance
Hans Speier 307

Observations on France: Economy, Society, and Polity
David S. Landes 329

Planning and Economic Progress in France
Wallace C. Peterson 351

An Approach to the Analysis of Political Systems
David Easton 383

REVIEW ARTICLES

Marxism, Leninism, and Soviet Communism
C. E. Black 401

A Psychoanalytic Interpretation of Woodrow Wilson
Bernard Brodie 413

A Decade of Political and Economic Change in Italy
Joseph LaPalombara 423

The Political Scene in West Germany
Otto Kirchheimer 433

Approaches to the Problem of Political Development in Non-Western Societies
S. N. Eisenstadt 446

Prospects for an International Economy
Benjamin Higgins 458

The Contributors ii

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE CONTRIBUTORS

HANS SPEIER, Chief of the Social Science Division of The RAND Corporation, is on leave this year as a Fellow at the Center for Advanced Study in the Behavioral Sciences, Stanford, Calif. His published works include *Social Order and the Risks of War: Papers in Political Sociology* (1951).

DAVID S. LANDES, Associate Professor of Economics at Columbia University, is the author of *Bankers and Pashas: A Study of International Finance and Economic Imperialism in the Egypt of the 1860's*, to be published in England in 1957.

WALLACE C. PETERSON, Assistant Professor of Economics at the University of Nebraska, is engaged in a study of the redistribution of income in France through the workings of the social security system.

DAVID EASTON is Professor of Political Science at the University of Chicago and the author of *The Political System* (1953). His present article reflects ideas that are part of a larger work dealing with a possible theoretical orientation to the comparative analysis of political systems.

C. E. BLACK is Professor of History at Princeton University. He is co-author of *Twentieth Century Europe: A History* (1950) and *European Political Systems* (1953), and he recently edited *Rewriting Russian History: Soviet Interpretations of Russia's Past* (1956).

BERNARD BRODIE is a Senior Staff Member of The RAND Corporation. He is the author of *A Guide to Naval Strategy* (3rd ed., 1954) and co-author of *The Absolute Weapon: Atomic Power and World Order* (1946).

JOSEPH LAPALOMBARA is Associate Professor of Political Science and Research Associate in the Labor and Industrial Relations Center at Michigan State University. Among his publications is *A Guide to Michigan Politics* (1955).

OTTO KIRCHHEIMER joined the Graduate Faculty of the New School for Social Research in New York as Professor of Political Science in 1955. Prior to that, he spent ten years as an analyst and branch chief in the Department of State's Office of Intelligence Research.

S. N. EISENSTADT, head of the Department of Sociology at the Hebrew University in Jerusalem, is the author of *Absorption of Immigrants in Israel* (1951) and *From Generation to Generation: Age Groups and Social Structure* (1956).

BENJAMIN HIGGINS is Professor of Economics (Visiting) and Director of the Indonesia Project in the Center for International Studies at M.I.T. He served as Monetary and Fiscal Adviser to the National Planning Bureau of Indonesia in 1952-1953 and during the previous ten years was Bronfman Professor of Economics at McGill University.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SOVIET ATOMIC BLACKMAIL AND THE NORTH ATLANTIC ALLIANCE*

By HANS SPEIER

THE uncertainty about whether atomic weapons will be used in future war, whether local or general, lends itself to political exploitation in the cold war. The efficiency of nuclear weapons in wartime, and their resulting threat-value in either war- or peacetime, constitute their political-military worth. In peacetime, the threat-value of weapons can be exploited in many ways: by an ultimatum, by authoritative or inspired statements on capabilities or intentions, by studied disclosures of new weapons at ceremonial occasions, by means of maneuvers, redeployments of forces, or by so-called demonstrations.

In the pre-atomic age, naval demonstrations and partial mobilizations of ground forces were standard measures for bringing to bear military pressure on foreign governments in peacetime. In the present era, such pressure can be exerted also by using the threat potential of modern air power and of the weapons of mass destruction. Evidence of this is seen in official statements on deterrence, in threats of instant retaliation, in propaganda to foreign populations about the vulnerability to air or missile attack of their bases, industries, and cities, and in discussions of the vastly increased importance of surprise in war.

The political worth of modern military power does not reside merely in threats that certain weapons may be used or in promises that they will not be used. Political worth attaches also to technical and scientific accomplishments, for the power that is unlocked by such advances can, like all power, be used for military as well as for peaceful ends. Witness the political value of airlifts, of rescue missions and expeditions, of international exhibitions of advances in modern technology, of international congresses and "years" devoted to progress in the basic or applied sciences.

Yet, it cannot be said that all of the many possibilities of peacetime exploitation of the political value of military power are being realized. This is particularly true with respect to certain military activities, such as weapons tests or training missions. Here military purposes usually overshadow consideration of the political advantages that might be

* This article is drawn in part from a larger study of the politics of German rearmament that has been completed by the author for The RAND Corporation and will be published this spring under the title, *German Rearmament and Atomic War*.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

gained or disadvantages that might be avoided by changes in the timing of military activities, and in the public information practices accompanying them. For example, the atomic exercise CARTE BLANCHE, which was held in June 1955, largely in West Germany, took place just prior to a debate in the Bundestag on German rearmament, and it caused the Federal government no little trouble. Better timing or a more carefully considered policy of informing the public could have saved some political embarrassment in this instance.

There exists no doctrine of the peacetime exploitation of military power comparable to military doctrines on the employment of military forces in war. That gap remains to be filled. The present article discusses only "atomic blackmail," one of the many ways in which the political worth of military power can be exploited.

I

A government that is exposed to atomic threats in peacetime readily regards them as "blackmail," whereas the threatening power is likely to call them "deterrence." In order not to fall prey to this confusion of terms, it is useful to distinguish threats according to (1) their nature, (2) their conditions, and (3) their terms of compliance. First, what actions are threatened; i.e., what is the precise nature of the threat? Secondly, what actions does the threat seek to forestall; i.e., what are the conditions under which it will be carried out? Finally, what alternative actions is the threat meant to induce; i.e., what terms of compliance does it attempt to impose?

In the early years of the postwar period, Western statesmen used to speak of the deterrent power of the United States monopoly in atomic weapons. Churchill put it thus in Zurich on September 19, 1946: "In these present days we dwell strangely under the precarious shield and, I might even say, protection of the atomic bomb. The atomic bomb is still only in the hands of a state and nation which we know will never use it except in the cause of right and freedom. . . ." The deterrent value of all such statements lay in their implied warning to the Soviet Union. Leaving aside the degree of verbal explicitness or directness of such warnings, what gave them force was the threat that the United States would employ atomic weapons against the Soviet Union. The condition of the threat—what it sought to forestall—was an attack by the Soviet Union upon the United States or Western Europe. Compliance with the threat required only that the Soviet Union abstain from such an attack.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In Secretary Dulles' doctrine of instant and massive retaliation, the nature, conditions, and terms of compliance of this threat were changed.[1] The new threat implied the possibility that thermonuclear weapons would be used not only against the Soviet Union, but against any Communist aggressor. It sought to forestall any Communist attack (by Soviet forces or by proxy) anywhere (in Europe or elsewhere). Correspondingly, the compliance which the new threat hoped to enforce consisted in Communist abstention from local aggression anywhere in the world.

This new threat was given its most radical expression by Vice-President Nixon: "We found that economically their [the Soviet] plan, apparently, was to force the United States to stay armed to the teeth, to be prepared to fight anywhere—anywhere in the world—that they, the men in the Kremlin, chose. Why? Because they knew that this would force us into bankruptcy; that we would destroy our freedom in attempting to defend it. Well, we decided we would not fall into these traps. And so we adopted a new principle. And the new principle summed up is this: Rather than let the Communists nibble us to death all over the world in little wars we would rely in the future primarily on our massive mobile retaliatory power which we would use in our discretion against the major source of aggression at times and places we chose."[2]

Mr. Dulles was more cautious when he clarified the newly announced policy in his *Foreign Affairs* article. He said: ". . . obviously, the possession of that capacity to retaliate on a massive basis comprehends within it the capacity to retaliate on a less than global or massive basis." He continued, explicitly: ". . . I believe that it is disastrous for us to believe that the danger can be met by our concentrating merely upon one form of defense or one type of deterrent."[3]

This last statement came very close to subscribing to the doctrine of graduated deterrence, in which the British have shown much interest.[4] Graduated deterrence is an attempt to scale down the nature of the

[1] John Foster Dulles, "Policy for Security and Peace," *Foreign Affairs*, XXXII, No. 3 (April 1954), pp. 353-64. Cf. also Vice-President Nixon's radio and television address on March 13, 1954, published in *New York Times*, March 14, 1954. For a useful discussion of the various forms and possible motives of Mr. Dulles' statements on the New Look, see E. Raymond Platig, "The 'New Look' Raises Old Problems," *Review of Politics*, XVII, No. 1 (January 1955), pp. 111-35.

[2] *New York Times*, March 14, 1954. [3] Dulles, *op.cit.*, pp. 5 and 22.

[4] See Rear Admiral Sir Anthony W. Buzzard, R.N., "Massive Retaliation and Graduated Deterrence," *World Politics*, VIII, No. 2 (January 1956), pp. 228-37; Sir John Slessor, "The Great Deterrent and Its Limitations," *Bulletin of the Atomic Scientists*, XII, No. 5 (May 1956), pp. 140-46; and Hanson W. Baldwin, "The New Face of War," *ibid.*, pp. 153-58.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

atomic threat so that it will match less exacting terms of compliance. While there is still a threat that all-out nuclear war would follow any thermonuclear attack on the United States (and/or Western Europe) by Soviet forces, restricted or local Communist aggression could be met by less than total retaliation. In the words of Admiral Buzzard:

> The suggestion is that we work out and declare, without waiting for Communist agreement, distinctions of the following order. The *tactical* use of nuclear weapons, we might say, is to be confined to atomic weapons, and is to exclude even these from use against towns and cities. Their *strategic* use, we might further declare, is to include hydrogen weapons and the mass destruction of targets in towns and cities. We might also state generally that, in order to pursue the moral principle of never using more force than necessary, we would not resort to the strategic use of nuclear weapons unless their employment proved absolutely essential. Thus, without committing ourselves unalterably in advance, or showing our hand too clearly, we would have the option, when threatened with a limited aggression too great for our conventional forces to cope with, of saying to the prospective aggressor: "If you do attack, we will, if necessary, use atomic and perhaps chemical weapons against your armed forces. But we will not, on this issue, use hydrogen or bacteriological weapons at all, unless you do, and we will not use any mass destruction weapons against centers of population, unless you do deliberately." To this statement we might append certain exceptions, such as cities in the front line of the land fighting and those with airfields alongside.
>
> By an announcement of this character we would be modifying our present policy of massive retaliation to one aptly named "graduated deterrence."[5]

In the pre-atomic age, at the time of the *Pax Britannica*, for example, it was sometimes possible to exploit military capabilities in peacetime by threatening other powers with war and possible defeat. The development of atomic and thermonuclear weapons allows for threats of extinction. Such threats can demoralize a whole population, if it values life more than national interest. Threats of unrestricted war, therefore, may move the threatened government either to yield or to react aggressively, and may subject it to pressure for defiance or compliance from its own population; such threats could even provoke panic or rebellion in a threatened nation. To some extent, the possibility of such developments under threat has always existed, especially in literate societies—in which relatively large parts of the population take an interest in politics—even when war involved less than total destruction. Atomic threats, however, are likely to heighten the probability of such popular pressures; what is more, the probability increases with

[5] Buzzard, *op.cit.*, p. 229.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the degree to which the threat of extinction is understood, and in inverse proportion to the confidence enjoyed at home by the threatened government, and to its capability of effective defense.

It may be objected that the last of these three conditions does not apply, in view of the fact that often in history small countries have fought against hopeless odds rather than submit meekly to subjugation by a greatly superior enemy. It should be remembered, however, that in most such cases the weaker power was not threatened with physical extinction; in the few cases where it was, resistance sprang from a resolution to take a last toll of the conqueror. But, under conditions of thermonuclear warfare, it may not always be possible to exact such a last toll, for it is conceivable that a small country fighting alone might suffer total annihilation without inflicting a single casualty on the more powerful enemy. In such circumstances, resistance is considerably less likely. Any decision not to submit can then be based either on the chance that the threat is a bluff, and will not be carried out if the threatened country is staunch, or else on an extremely strong sense of honor that requires a nation to die rather than submit.

As atomic and thermonuclear parity replaces a situation of nuclear monopoly, the threat-value of these weapons diminishes. Threat can now be met by counterthreat, at least so long as the threatened power does not lose its nerve before the specter of reciprocal death and destruction. That is, bilateral threats will tend to neutralize one another. What is even more likely to happen when parity is achieved, however, is that the *explicitness and finality* of unrestricted threats will be avoided; threatening behavior as such is not likely to cease. When war can mean total annihilation, bluff among equals is too dangerous to be tried against a resolute adversary. It is difficult to believe that a country will ever issue an explicit atomic ultimatum to a power enjoying nuclear parity, for the only rational response to such an ultimatum is either compliance or a preventive attack; in the latter case, the ultimatum would defeat its own purpose by giving the enemy the advantage of the first strike. Under conditions of parity of ever more destructive weapons, therefore, and with ever-increasing appreciation of that destructiveness among political leaders, it stands to reason that authoritative threats of unrestricted war will in the future become less rather than more explicit and final.

This analysis requires two qualifications, however. First, a country facing invasion may reason that the aggressor has no desire for a nuclear war, and is about to attack in the belief that the war will not be nuclear. In such a situation, the threatened country might con-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ceivably issue a defensive atomic ultimatum in the hope of avoiding both war and political extinction. Secondly, it does not seem impossible that certain extreme states of the world could lead to explicit and final authoritative threats of unrestricted war, even upon lesser provocation than a threat of extinction. For example, assuming a world in which everything except the Western Hemisphere has fallen under Soviet domination, a further step to force the submission of South America might be seen in the United States as tantamount to direct aggression against itself. In such a "back-against-the-wall" situation, it does not seem inconceivable that the United States might make final and explicit threats of unrestricted war in order to forestall what it judges to be its own political doom. It should be noted that, in contingencies such as these, the atomic ultimatum would be a measure of desperate defense rather than reckless aggression.

Since the end of World War II, nuclear weapons have increased in destructiveness and variety, and have decreased in cost. With the development of warheads of widely differing power, and delivery capabilities differing in range and kind, there has grown a tendency to regard the smaller atomic weapons as already so "conventional" in character as to be virtually indistinguishable in quality from "classical" weapons. Speaking of the development of atomic weapons since the end of World War II, President Eisenhower, in his address on "Atoms for Peace and Progress" before the General Assembly of the United Nations on December 8, 1953, declared that "the development has been such that atomic weapons have virtually achieved conventional status within our armed services."[6] Again, at his news conference on March 16, 1955, the President said that, if necessary, we could hit military targets with atomic warheads just as we would "hit them with a bullet."[7]

Such redefinition of conventionality affects the threat-value of nuclear weapons in two ways. On the one hand, references to tactical atomic weapons as conventional may be construed as restricted atomic threats; they imply that such weapons will be used in future local wars, just as "bullets" have been used in the past. The conditions and terms of compliance of such threats involve enemy abstention from local aggression, not merely from employment of nuclear weapons. Hence, in the present cold-war situation, such threats supplement, with respect to local war, the threat of unrestricted retaliation.

[6] *New York Times*, December 9, 1953.

[7] At his press conference on January 23, 1957, the President made a statement which implied that the United States might use small atomic weapons in opposing Communist armed aggression in the Middle East.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

On the other hand, the very possibility of restricted threats implies a differentiation and gradation of threats. It remains possible, after a restricted atomic threat has been made, to specify different, more severe terms of compliance by threatening to use the bigger atomic and thermonuclear weapons. By reiteration, restricted threats may lose some of their effectiveness and become just as "conventional" as the weapons are supposed to be. In that event, bigger, less restricted threats may be needed to enforce terms of compliance that could originally be exacted by restricted threats, thus once more transcending an enlarged sphere of "conventional" weapons. It should be noted, however, that the calculations of a potential aggressor are not so much influenced by new definitions of the conventionality of weapons as by estimates of the effectiveness of weapons. Therefore, although calling tactical atomic weapons "conventional" may strengthen the belief that they will be used in defense, such renaming carries no assurance that bigger "unconventional" weapons will not be used.

Thus, any general announcement, prior to the actual outbreak of violence, about the conventionality of tactical atomic weapons can be read in two ways: either as a declaration of intent to extend the old boundaries of wars waged only with high-explosive weapons (i.e., as a threat), or as a declaration of intent not to extend the new boundaries of conventionality (i.e., as a promise). But the threat is stronger than the promise. The promise would become more credible if precedents supported the definition of conventionality, but no relevant precedents exist. Three conditions must be met before tactical atomic weapons can in fact be viewed as conventional: (1) they must be used in a war; (2) they must be the *only* atomic weapons used in that war; and (3) *the war must end either in a stalemate or in defeat of one of the combatants who did make tactical use of small atomic weapons.* The first and second requirements alone do not suffice to establish the conventionality of small atomic weapons, for victory resulting from their use in a local war would not preclude the possibility that, had the victor faced stalemate or defeat instead, he might have disregarded—or might disregard in the future—the weapons restrictions that, as victor, he had no sufficient reason to ignore.

Hence the third requirement. Prior to the end of a war, it is not certain whether it will end in victory, stalemate, or defeat. Any announcement that precedes its beginning, then, to the effect that *only* less than maximum atomic and thermonuclear power will be used, carries no more conviction than any other declaration of intent.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Since the conditions specified above have not been met, there remains uncertainty as to whether the use of "small" atomic weapons somewhere may not lead to the use of all available kinds of weapons anywhere. We do not know whether it is possible to control the transition from local to general war and from restricted ("conventional") atomic war to unrestricted violence. Several local wars have occurred since 1945 without leading to world war, but these have involved no atomic weapons whatever, so that they do not provide a precedent of control. For this reason, if for no other, the mere threat, not to mention the outbreak, of a restricted local atomic war is likely to arouse deeper apprehensions than would the outbreak of another local war similar to the one in Korea. It may also be predicted that, for the same reason, resistance among the atomic have-not powers to the *use* of tactical atomic weapons will increase as the power and number of atomic and thermonuclear weapons increase. This will occur so long as there are no wars serving to prove that atomic weapons can be controlled and local wars restricted.

Soviet exploitation of the threat-value of nuclear power in peacetime is enhanced by the fact that most of the powers in the Western alliance are atomically destitute. These have-not powers have no protection against a Soviet atomic attack except that which the retaliatory capability of the United States can provide. With the partial exception of Great Britain, that is at present the situation of all the nations with which the United States has common defense arrangements of one kind or another.[8] In fact, protection by the United States is their only safeguard against conventional as well as nuclear attack; for, given the relative inferiority of the West in conventional armaments, its only hope against a Soviet attack with such weapons in Europe lies in the defensive use of tactical atomic power.

This fact, that our European allies are protected by a coalition that is unable to meet conventional aggression by conventional means, gives the Soviet Union a political advantage in peacetime. For the Red forces could embark upon conventional aggression with good prospects of success, if they could be sure of not meeting with unconventional local defense or all-out retaliation. But the West has no such advantage in

[8] In his report to Congress on foreign aid in May 1956, President Eisenhower announced his desire to hand over armaments with "atomic capability" to certain allies. If such a policy is approved, British troops stationed in Germany are likely to be offered "Honest John" rockets, "Corporal" guided missiles, and the 280-mm. cannon, all three of which are capable of firing atomic warheads. The sharing of such warheads, however, requires a modification of the Atomic Energy Act. It is possible that the British will be able to produce an atomic projectile for the "Corporal" guided missile before the Atomic Energy Act is amended by Congress.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

its own defense posture. That is why West Europeans tend to view the prospect of an atomic war in Europe as the terrible consequence of United States protection rather than of possible Soviet aggression. The Soviet Union may be threatening war, but it is the United States that seems bent on making it an atomic one either by insisting upon unconventional resistance to conventional attack, or, for precisely the same reason, by forcing the aggressor himself to resort to atomic attack. Thus, the fear of war in consequence of Soviet aggression turns into a fear of the weapons that will be employed in that war, and the responsibility for aggression becomes less important in European eyes than the responsibility for the nature of the war.

If NATO were politically of one will, this situation might be less serious than it is, but NATO enjoys less than perfect political unity of purpose, and suffers from a military inequality among its members that is accentuated by the virtual United States monopoly of atomic power among the Allies. The division of NATO into atomic haves and have-nots was less momentous than it later became so long as the United States enjoyed unquestioned predominance in nuclear weapons over the Soviet Union. With the world balance of atomic power clearly favoring the West, the have-nots in NATO could expect that an American ultimatum of unrestricted retaliation against the Soviet Union itself would effectively counter any Soviet threat of aggression in Europe. The Europeans could hope to be spared the horrors of war, atomic or otherwise; they needed only to assure themselves that the United States, in its own interest, would not permit the Russians to gain control of Western Europe.

Under conditions of nuclear parity, however, with the distribution of atomic capability among the NATO powers remaining unchanged, this reassurance becomes somewhat more labored and dubious, for it presupposes that the United States would be willing to defend Europe even at the risk of suffering nuclear devastation in its own zone of the interior. It is the dubiousness of this presupposition that generates the fear of our European allies that we have discussed.

Thus, Soviet achievement of a respectable nuclear capability offers Communist leaders novel opportunities to threaten or cajole the atomic have-nots in NATO. Against a background of fulsome protestations of peaceableness and desire for coexistence, the Soviet Union can suggest that, in the event of war, America's European allies would suffer the horrors of atomic destruction, but that they would be spared that fate if they ended their military support of the United States. As Marshal Zhukov stated at the Twentieth Party Congress, "One cannot fail to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

note that the governments of states making available their territory for American military bases are playing with fire and sacrificing the national interests of their countries; they are placing their lives in jeopardy. By the logic of armed conflict, these bases must suffer retaliatory blows regardless of upon whose territories they are located."[9]

Threats of this kind have long been familiar in Soviet propaganda. Toward the end of 1954, for example, Soviet leaders countered Field-Marshal Montgomery's statements that SHAPE would employ atomic and thermonuclear weapons in the event of a Soviet attack[10] by reminding the British that their islands were especially vulnerable to nuclear destruction. In an article published in *Pravda* and broadcast to the Soviet people on December 4, 1954, Marshal Vasilevsky warned that "the one who would dare to unleash a war would find himself in a most unenviable position." Addressing Field-Marshal Montgomery directly, he said: "We both know very well that the atomic and hydrogen bombs are weapons of mass destruction of peaceful populations, weapons of destruction of towns, which are particularly dangerous for countries with a small territory and a large population."

To the extent that unilateral strategic deterrence is replaced by a strategic stalemate, such threats and promises are likely to fall on more fertile ground than they did in the "American monopoly" phase of the nuclear age. Since the atomic have-nots in NATO lack any strategic deterrent capability of their own, they do not share directly whatever benefits accrue from a strategic stalemate; but they appear particularly exposed to the brunt of the greater destructiveness of war that is inherent in the emerging "conventionality" of tactical atomic weapons.

Of course, the Soviet leaders cannot risk an explicit and final atomic threat to any member of NATO unless they are prepared to risk total war, for they must reckon with the possibility that the United States will react to any such unambiguous ultimatum as if it had been addressed directly to itself. It is more likely that Soviet "atomic blackmail" will take forms that will allow for reversals of policy and withdrawals from commitments. Atomic blackmail must be noncommittal, subtle, informal, and casual, rather than binding, gross, authoritative, and solemn. The Russians, therefore, are likely to use indirection, and to address their threats to the small and middle powers of NATO.

But the Soviet leaders are likely to observe such precautions only so long as they believe that the United States is determined to come to

[9] *Pravda*, February 20, 1956.

[10] Field-Marshal Viscount Montgomery, "A Look Through a Window at World War III," *Journal of the Royal United Service Institution*, XCIX, No. 596 (November 1954), pp. 507-23.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the support of its allies when they are threatened. If they believed that the United States was prepared to abandon Europe, then it is probable that Soviet threats to the small and middle NATO powers would become more explicit, and perhaps final. Only a strategic nuclear capability of their own would render our European allies invulnerable to Soviet blackmail in such a case.

Under conditions of a strategic nuclear stalemate the United States cannot use strategic threats to counter subtle Soviet tactics against NATO, particularly if the Soviet warnings are accompanied by a smiling and flexible policy of strength and coexistence. Instead, so long as the United States is the only major atomic power in the Western alliance, it has no choice but to press for arrangements making possible an effective use of atomic weapons in the defense of Europe.

But it is unlikely that such plans will be able to provide a strong counterweight to Soviet atomic threats. In 1954, for example, the NATO governments agreed to give General Gruenther, the Allied Supreme Commander, permission to proceed with defense plans which included the use of atomic bombs, missiles, and artillery.[11] Yet, shortly before the communiqué announcing this agreement was issued, the press reported that it had become apparent in the meetings of the Military Committee that the Dutch, Belgian, and Danish governments would never agree to the actual use of atomic weapons. And the communiqué of December 18 did indeed state that the approval of planning for atomic defense "did not involve the delegation of the responsibility of governments to make decisions for putting plans into action in the event of hostilities." The views of German military experts likewise give little reason to believe that NATO's plans for the atomic defense of Europe would provide an adequate shield against atomic blackmail.[12]

Thus, while the trend toward nuclear equality between the United States and the Soviet Union has led to increasing caution in the exchange of threats between the two great powers, there is still room in which the Soviets can exploit the threat-value of their atomic weapons against European members of NATO.[13] This situation will change when individual NATO members acquire an effective atomic capa-

[11] Communiqué of the North Atlantic Council Meeting of December 18, 1954, published in *New York Times*, December 19, 1954.

[12] The views of German military experts on atomic defense and atomic blackmail are presented in subsequent sections of the study from which this extract is taken.

[13] On January 23, 1957, the Tass news agency, quoting "leading circles of the Soviet Union," mentioned specifically Great Britain, France, West Germany, Italy, Iran, and Japan as nations which had placed themselves "under the threat of retaliatory atomic blows" by allowing themselves to be used by the United States "as bridgeheads for the preparation of atomic warfare" (*New York Herald Tribune*, January 24, 1957).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

bility of their own, at which point the new balance of atomic power will produce a more complex basis for the political exploitation of military strength.

II

During the crisis in the Middle East in the fall of 1956, the Soviet Union came closer than ever before to using atomic blackmail in furtherance of its policy.

On November 5, Bulganin sent messages to Eden, Mollet, Ben-Gurion, and Eisenhower seeking to compel the Anglo-French and Israeli forces to cease fire in Egypt and withdraw their troops. On the same day, Soviet Foreign Minister Shepilov addressed a letter of warning to the Security Council of the United Nations. The threats contained in these communications varied in kind and explicitness. Decreasing severity was coupled with increased explicitness.

In the order of severity, four threats can be distinguished: (1) unrestricted global war might develop from the crisis; (2) there could be provoked a Soviet attack upon Britain and France in which rockets and other modern weapons would be used; (3) there might be occasion for unilateral intervention by Communist forces in the Middle East; (4) the Soviet Union would not cooperate with the United States policy favoring U.N. Assembly action, but would advocate joint Soviet-American intervention in Egypt on behalf of the United Nations.

Not all the threats were made in the same form to all the recipients of the Soviet messages, so that, in addition to the gradation of the threats according to severity, a differentiation could be observed in intensity of the same threat. For example, Bulganin warned the three major powers that the fighting in Egypt could spread to other countries and develop into a third world war. Ben-Gurion, however, was told only that he had placed "the very existence of Israel as a state" in jeopardy by acting "as a tool of foreign imperialist powers" in his atttack on Egypt.[14] Ben-Gurion was also informed that the Soviet ambassador to Israel was being recalled to Moscow. When a spokesman in the Soviet Foreign Ministry was asked whether the Soviet Union had broken relations with Israel, he replied that there was a difference between breaking off relations and withdrawing an ambassador.

The Soviet ambassadors were not recalled from London and Paris, but the messages to Eden and Mollet, couched in extraordinarily rude

[14] Unless otherwise indicated, all quotations are taken from the text of the messages as published in *New York Times*, November 6, 1956. The texts of the notes to Eden, Mollet, and Ben-Gurion were supplied by Reuters; all others by the Associated Press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

language, were menacing enough. In both of them, the threat of unilateral intervention was stated in this form: "The Soviet government is fully determined to apply force in order to crush the aggressors and restore peace in the East." This phrase appeared to be all the more menacing, coming as it did the day after the Soviet Union had failed to vote in favor of the organization of the United Nations Expeditionary Force, which had been formed in order to help restore peace in the Middle East. The letters to Eden and Mollet contained many parallel passages, but the main Soviet threat to Britain and France was elaborated only in the note to the British Prime Minister. In his note to Mollet, Bulganin asked merely: "What would be the position of France if she were attacked by other states having at their disposal modern and terrible means of destruction?" To Eden, however, he wrote: "In what position would Britain have found herself if she herself had been attacked by *more powerful states* possessing *every kind of modern destructive weapon?* And there are countries now which need not have sent a navy or air force to the coast of Britain but could have used other means, such as *rocket technique. If rocket weapons had been used against Britain and France*, they would probably have called this a barbarous action. Yet in what way does the inhuman attack made by the armed forces of Britain and France on the nearly disarmed Egypt differ from this?" [Italics added.]

Note that the threat of using rockets against Britain and France—the second Soviet threat—fell short of mentioning atomic weapons explicitly. The only direct reference to atomic and hydrogen weapons made in any of the Soviet communications occurred in Bulganin's letter to Eisenhower. It was altogether factual and read simply: "The Soviet Union and the U.S.A. are permanent members of the Security Council and the two great powers which possess all modern types of arms, including the atomic and hydrogen weapons." The conjunction of this statement and the warning that the fighting in Egypt might develop into a third world war could be understood to imply—however tenuously—that the threatened global war might be unrestricted.

The letters to Eden and Mollet did not stipulate the time in which Bulganin expected the British and French to comply with his demand; technically, the notes were not ultimata. Moreover, the threat to use rockets against France and the British Isles was made in the noncommittal form of a conditional question, *viz.*, "In what position would Britain have found herself, if . . . ?"

In contrast with the vagueness of the first and second threats, the Soviet messages to the United Nations and to the United States were

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quite specific on timing, area, and means of the action which the Soviet government was proposing to take. Bulganin's message to Eisenhower and Shepilov's letter to the Security Council specified the proposed action. These specifications reduced considerably the severity of the Soviet warning that a global war might develop, or that Britain and France might be rocket-bombed. The Soviet leaders were thinking of military intervention *in Egypt.*

This third threat, too, was so cautiously phrased, and the proposed action so carefully justified, that the appearance of a threat was technically avoided. Bulganin said that measures should be taken against France and Britain at U.N. Headquarters and in Egypt, not in Europe. He did not threaten bluntly that the Soviet Union would act unilaterally, but made a proposal, elaborated by Shepilov, to establish legal ground for massive intervention by the United Nations. He suggested that the Security Council pass a resolution, amounting to an ultimatum, demanding of the British, French, and Israelis that they cease fighting in Egypt within twelve hours after the Council decision, and that they withdraw their troops within three days. According to the Soviet draft resolution contained in Shepilov's letter, this proposed measure of the Council was explicitly justified with reference to the fact that ". . . the resolution of the extraordinary session of the General Assembly of November 2, 1956, which recommended that the governments of Britain, France, and Israel should immediately stop military operations against Egypt and withdraw their troops from the territory of Egypt, has not been carried out by the above state. . . . ."

In the event that Britain, France, and Israel did not comply with the projected resolution of the Security Council, it was further proposed that *all* members of the United Nations give armed aid to Egypt in response to an appeal that was to be part of the Council resolution.

The Soviet government went one step further. It proposed that the Council urge the United States and the Soviet Union, as the two most powerful members of the United Nations, to take the lead in acting on behalf of the United Nations. Impatient with, and probably distrustful of, the action of the General Assembly that had not stopped the British and French, the Soviet leaders threatened to reverse the policy of the United States that favored Assembly action. It appeared that Bulganin did not want to confine military actions against the Anglo-French and Israeli forces in Egypt to an intervention by the least powerful nations in NATO, excluding both Soviet and American contingents from this venture, but advocated instead that the most powerful nations

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

act to help Nasser. He also made it clear, however, that he did not want to preclude participation of smaller nations in the intervention.

This fourth threat was the most explicit of all. It attempted, among other things, to confront the United States with a dilemma: The United States would either have to face the consequences of the policy it had adopted when introducing the Assembly resolution of November 2, 1956, against Britain, France, and Israel, or stand revealed as a power which did not act in accordance with its declared moral principles. The first alternative would have involved committing American forces to fight side by side with Communists against the British and French, and would have given a truly fatal turn to the deep conflict that had arisen in the Western coalition over the Suez issue. The Soviet Union would have been able "to bury the West," to use a word from Khrushchev's political vocabulary. The second course would have "unmasked" the political intentions of the United States before the Arab world and the uncommitted nations. As Bulganin put it to Eisenhower, "We are convinced that if the Governments of the U.S.S.R. and the U.S.A. would firmly declare their will to insure peace and oppose aggression, the aggression will be ended and there will be no war."

What Bulganin meant by firmness was made clear in Shepilov's draft resolution. If the Anglo-French and Israeli forces failed to cease fighting and to withdraw, armed and other aid to Egypt should consist of "naval and air forces, military units, volunteers, instructors, military equipment, and other types of aid."

Despite the elaborate rehearsal of the moral and legal justification for collective military intervention in the Middle East, it appeared from the Soviet communications that Russia was trying to gain a military hold on the Middle East, an objective of which her foreign policy had not lost sight for two hundred years. If the Security Council had issued the proposed ultimatum, the Soviet Union might have gained a legal pretext for intervening even if the Anglo-French and Israeli governments had yielded, simply because it might have been technically impossible to withdraw all forces within three days, or because Nasser and the Soviet leaders could have claimed that not all forces had been withdrawn in due time.

The warning of global war and the second Soviet threat of an assault by rockets and other modern weapons against Britain and France were considerably softened by the proposal for United Nations intervention in the Middle East on the specified terms. But the language used in connection with the second threat, the proposal of new, massive, mili-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tary action by the United Nations, and, finally, the blunt declaration that the Soviet Union was determined "to crush the aggressors," all seemed to suggest that the Soviet Union might be eager to go further than its specific proposal indicated. The first two threats heightened the apprehension that the Soviet proposal for joint American-Soviet intervention in the Middle East might have been made in order to derive from its rejection a political justification for *unilateral* intervention in Egypt. This third threat was in fact never allowed to be forgotten. The Security Council did not put the Soviet proposal on its agenda, the Anglo-French and Israeli governments did yield to the Soviet pressure for a cease-fire, and yet the Soviet Union and China proceeded to frighten the West with the threat to send Communist volunteers and more arms to the Middle East.

The Soviet threats against the Western powers were intensified by skillful Soviet propaganda, which helped to turn the Suez crisis into a major diplomatic defeat for the West. The text of the Soviet diplomatic notes was made public in Moscow in a version based on a press conference by Leonid F. Ilyichev and reached the world capitals by cable and broadcast on the evening before the official messages were delivered through the usual diplomatic channels. At the press conference, Ilyichev either used a more menacing wording than that which occurred in the official note to Mollet, or based his statements on the most threatening note, that which was addressed to Eden. In any event, the text that reached the West first through these propaganda channels sounded most ominous. The striking differentiation of the threat in the notes to Eden and Mollet was eliminated. Furthermore, the initial effect of the whole Soviet move was increased by the simple device of soft-pedaling, in the earliest communications, the Soviet proposal for action by the Security Council. Only this proposal, which was spelled out in the actual notes, made it fully clear that the Soviet Union was not at that time overtly threatening to take unilateral action in Egypt, and was not contemplating the achievement of peace in the Middle East by rocket-bombing England and France. A speaker on Radio Moscow had quoted the following sentence from Bulganin's messages to Eden and Mollet: "We are fully determined to crush the aggressors and restore peace in the East through the use of force." Only later did Defense Minister Zhukov and Party Secretary Suslov explain that the "we" in the sentence meant Russia in concert with the United Nations.

It is important to note that they volunteered this explanation. The attempt to "clarify" the nature of the most severe first and second threats was akin to the distinction suggested by the recall of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Soviet ambassador from Israel and the insistence that the Soviet Union had not broken off diplomatic relations. The gradation of the threats and the differentiation of the second threat in the messages to Eden and Mollet are other cases in point. The less severe threats controlled the fantasies aroused by the more severe ones, while the more severe ones, in turn, increased the intensity of the less severe. In addition, the lashing verbal aggressiveness of the severe threats was accompanied or followed by cautious efforts to prevent undesirable reactions on the part of the threatened powers. The doctrine of this procedure may be stated as follows: In order to exact compliance with an effort at blackmail, the cost of failing to comply must appear disastrously high to the victim. But once fantasies of disaster are aroused, they must be controlled. When they are once aroused, the relatively lesser cost of compliance appears a blessing. This technique corresponds to that of a holdup man who brandishes a gun in front of an armed victim but who, for fear that the frightened man may fight for his life, quickly tells him that he only wants his money.

When the official version of Bulganin's letter arrived, the United States took three kinds of action. It answered Bulganin with unusual dispatch. It prevailed upon France, Britain, and Israel to yield. And on the next day, when new military intelligence became available from Turkey and certain West European governments, it took certain precautionary military measures.[15]

The White House issued a statement in which the second threat to Britain and France and the warning that global war might develop were ignored, the Soviet proposal for action by the Security Council was rejected, and the third Soviet threat of unilateral action in the Middle East was countered by a declaration of opposition.

Bulganin's letter was characterized as "an obvious attempt to divert world attention from the Hungarian tragedy." It was pointed out that the United Nations had already called for a cease-fire, for withdrawal of foreign armed forces, and for entry of a United Nations force to stabilize the situation, "pending a settlement." "In this connection," the White House statement said, "it is to be regretted that the Soviet Union did not vote last night in favor of the organization of this United Nations force." The Soviet proposal for action by the Security Council was called an "unthinkable suggestion."

Before the Suez crisis reached its climax on November 5, President

[15] On the effect of this intelligence upon the government, see the detailed account by Charles J. V. Murphy, "Washington and the World," *Fortune*, LV, No. 1 (January 1957), pp. 78ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Eisenhower had repeatedly declared that the United States would not become involved in the Middle East. Without overtly contradicting this declaration of intent, the White House statement attempted to deter the Soviet Union from sending volunteers or other forces to Egypt: "The introduction of new forces [other than the United Nations force, which contained neither American nor Soviet contingents] . . . would violate the United Nations Charter, and it would be the duty of all United Nations members, *including the United States*, to oppose any such effort." [Italics added.][16]

The concern of the United States was evident not only from the speed with which the White House statement was issued, but also from the strong pressure exerted on Britain, France, and Israel for a cease-fire. The application of this pressure was consistent with the policy the United States had adopted ever since the French and British had decided to intervene in Egypt. Since the United Nations Assembly had, upon American initiative, recommended a cease-fire and withdrawal, the United States could apply renewed pressure on Britain, France, and Israel without formally underwriting any of the Soviet threats of November 5. The effectiveness of these threats upon Britain, France, and Israel was nevertheless increased by the action of the United States. It is not implausible to assume that the Soviet leaders would not have dared resort to their blackmail maneuver if American condemnation of France and Britain, and American action against France and Britain in the United Nations, had not preceded it.

The British and French complied in a few hours after receipt of Bulganin's message, sooner than they would have had to act if the Security Council had voted on Shepilov's proposal that an ultimatum be issued to them. The military objectives of the British and French intervention in Egypt, which were within reach according to the judgment of British officers on the scene, could not be attained. The intervention became a fiasco.

Next day, Ben-Gurion announced that Israel had reversed its position under the pressure of the United States, the United Nations, and the Soviet Union. On November 9, Nasser explained in Cairo that the United States and the Soviet Union were on his side. When Mollet justified the French cease-fire order in the National Assembly, he ven-

[16] Compare this warning with the one which the Department of State issued on November 29 (*New York Times*, November 30, 1956). In the second warning, the Soviet government was told, *without* reference to the United Nations, that the United States would view any change in the territorial status of the Baghdad Pact countries "with the utmost gravity."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tured to praise the re-establishment of Western solidarity in view of the American warning that had been issued in response to the third and fourth Soviet threats: "When the Soviet Union thought it saw a crack in the free world and wanted to threaten, we at once found the United States at our side."[17] In view of subsequent events, it is doubtful that Mollet did more than try to save face.

Like Mollet, Eden ordered a cease-fire, ostensibly not in response to the Soviet threat and to American appeals to yield to it, but to the Israeli-Egyptian cease-fire and in implementation of the United Nations resolution of November 2. In his reply to Bulganin, which Eden read in Commons on November 6, he referred to the Soviet note as follows: "The language which you [Bulganin] used . . . made me think at first I could only return [your note] as entirely unacceptable. But the moment is so grave that I feel I must try to answer you with the counsels of reason. . . ."[18]

The Soviet attempt at intimidation by the allusion to rocket-bombing was mentioned neither in the British and French replies to Bulganin nor in the White House statement. The only explicit answer to this piece of blackmail was given by General Gruenther at his final news conference before he retired as Supreme Allied Commander in Europe. On November 13, a week after the fighting in Egypt had ceased, he referred to the Soviet intimation that rockets might be launched against Britain and France and declared: "Whether or not such rockets exist, they will not destroy the capacity of NATO to retaliate."[19]

The United States took certain military measures in view of the Soviet threat. The Continental Air Defense Command, the Sixth Fleet, the Atlantic Fleet, and the Strategic Air Command were alerted. A naval force, including the aircraft carriers *Forrestal* and *Franklin D. Roosevelt* and the heavy cruiser *Des Moines*, received orders to sail. The Navy was secretive about the mission of this force. Speculations appeared in the press to the effect that the order served the double purpose of having these ships ready at sea for action and of protecting them against the possibility of an atomic surprise attack on American harbors. Speculations that the force was to augment the American Sixth Fleet in the Mediterranean were silenced by a naval announcement that the force would remain part of the Atlantic Fleet under the command of Admiral Wright. In a reply to a German inquiry, Headquarters of the United States Air Forces in Europe said that its forces

[17] *New York Times*, November 8, 1956.
[18] *Ibid.*, November 7, 1956.
[19] *Ibid.*, November 14, 1956.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

had not been put on an alert and that orders for such an alert were not expected.[20]

Despite their rude wording, then, the most severe Russian threats seem to have been the least serious. In particular, the conditional threat against Britain and France in no way resembled an ultimatum, and it was virtually neutralized by the specific proposal for Soviet intervention in the Middle East. The use of atomic weapons was never overtly threatened.

The effect of the threats was heightened by propaganda, and by the techniques of gradation and differentiation. The primary function of the severe threats seems to have been to increase the effect of the lesser threats, but care was taken by the Soviet leaders to control any possible undesirable reaction to the severe ones. Thus, while the Soviet maneuver was conducted in exceedingly rude language, it cannot be said to have been reckless. The Soviet leaders combined extreme rudeness with noticeable caution in threatening Britain and France. They exploited the conflicts among the Western allies at a time when they were themselves having unprecedented difficulties in keeping control over their own empire. But it does not appear that Russia was prepared to risk global war, or even that she expected to run such a risk by the form in which the blackmail maneuver was conducted. Rather were conditions such as to encourage the Soviet leaders to pursue, by means of carefully measured threats, any or all of the following long-known objectives of their policy: (1) to thwart British and French military plans in the Middle East and to ensure Nasser's victory over Britain and France; (2) to extend Soviet influence in the Middle East as far as Western lack of resistance would permit; (3) to destroy NATO while deep rifts in the coalition were visible.

From the Soviet point of view, the basic conditions conducive to the blackmail maneuver, that is, to lowering its risks and heightening the probability of its success, may well have appeared to be the following: (1) the nuclear stalemate between the United States and the Soviet

[20] *Frankfurter Allgemeine Zeitung*, November 9, 1956. Mr. Murphy's account (*op.cit.*), which seems to be based on inside information, suggests that the main concern of the government was not aroused by Bulganin's letters of November 5 but by later intelligence of Soviet military moves. It would appear from this account that without the additional military intelligence that became available on November 6, the government would not have taken the military countermeasures on which it decided that afternoon, but would have confined itself to issuing the White House statement and to urging Eden and Mollet to order a cease-fire. Mr. Murphy writes that the United States took military countermeasures despite the fact that CIA, in revising its estimate of Soviet intentions twice on November 6, had by 12:15 moved back from its alarmist mid-morning position toward the calmer estimate that it had held early that day; the government did so "just in case."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Union; (2) the prevailing paralysis of the Western coalition owing to the conflict of national interests among its chief members; (3) the slow pace of the British-French intervention in Egypt and its failure to establish quickly a *fait accompli*; (4) the previous authoritative American declarations that the United States would shun military involvement in the Middle East; (5) the United States policy of condemning France, Britain, and Israel on moral grounds, and of opposing the attainment of their military objectives in Egypt; (6) opposition in Britain to Eden's policy. In these circumstances, the Soviet leaders had to consider whether the blackmail maneuver would cement the crumbling alliance of the West, or whether the unprecedented rudeness of the first three threats would induce the United States to add its persuasion to their threats and ensure Soviet success. Apparently they decided that the probability of success was high if they could control the threats in a way such as not to drive the United States to reverse its policy and to repair the fences of NATO.[21]

In two important respects, the Soviet maneuver of November 5 differed from the cases of atomic blackmail considered in the first part of this article. First, the blackmail pressure on November 5 was not exerted in order to *create* a split in NATO; such a split existed before the maneuver was launched. Secondly, the attempt at intimidation was aimed not only at the lesser members of NATO, but, indirectly, at the United States itself, although the overt appearance of such intimidation was carefully avoided.

Soviet leaders often protest their dedication to the principle of minimizing violence in the world, but it can be argued that their devotion to this principle is an element of their propaganda rather than of their policy. Their policy is predicated on the principle that every opportunity for maximizing Soviet control over world events must be recognized and exploited, if only in order to avoid harming Soviet interests by inaction. The Soviet leaders recognized that the breach in NATO that had developed prior to November 5 was such an opportunity. In some measure, American fear of war was aroused by the direct threats against Britain and France. The American dedication to the principle of minimizing the use of violence in foreign affairs was turned to the advantage of the Soviet Union. But every appearance of Soviet pressure

[21] On previous instances of Soviet rudeness and the function of such rudeness in the political behavior of Bolsheviks, see Nathan Leites, "It Pays to be Rude," *A Study of Bolshevism*, Glencoe, Ill., 1953, pp. 34-42.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

upon the United States was avoided. The United States could yield to the pressure without having to admit that it was in fact yielding to it. It could believe that it was merely continuing its own moral condemnation of British and French action, particularly since it could rightly claim that it had opposed the lesser Soviet threats in the process.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

OBSERVATIONS ON FRANCE

Economy, Society, and Polity*

By DAVID S. LANDES

A HISTORIAN is always uneasy when he writes of his own time. The present is too fleeting. It changes as his pen moves; it is transformed by the time his manuscript becomes the printed page—nothing at all like the past, which poses problems of its own to the scholar but at least has the decency to stay put.

Yet if the present is inherently evanescent, some subjects of current interest are clearly more fugitive than others. In the field of politics, what subject is so slippery as France? Where else do governments change so rapidly?—the student would have an easier time with the presidents of the most tumultuous country in Latin America than with France's incredible succession of *présidents du Conseil*. Where change is the rule and uncertainty the only certainty, journalists alone can pretend to be up-to-date.

Under the circumstances, the reader will forgive me if I approach the France of today with the eyes of the historian and stress those aspects and trends that have been established over a certain period of time. This is not to say that these aspects are changeless, or these trends unchangeable. Even geography is amenable to man's works, and the reader will see, for example, that a balanced evaluation of France's resource position must take into account not only the latest industrial advances, but also political agreements that are still in negotiation. Similarly, while the structure of an economy does not change overnight, prosperity does come and go, output waxes and wanes, and even labor productivity fluctuates outrageously.[1] It is dangerous these days to say that the French economy grows slowly; someone is sure to answer, "What about industrial expansion in 1953-1956? Almost 10 per cent a year! Better than the United States!"[2] On the other hand, current difficulties in the Middle East and inflationary pressures at home threaten an end to the boom, which owes some of its impressiveness

* I should like to express my thanks to my colleague, Professor Philip Williams, whose perceptive criticisms saved me from a number of mistakes. Needless to say, he is not responsible for any that may remain.

[1] The range of these fluctuations is apparently greater than anyone has suspected. Cf. U. S. Bureau of Labor Statistics, Bulletin No. 1200, *Man-Hours per Unit of Output in the Basic Steel Industry, 1939-1955*, Washington, D.C., 1956.

[2] The figure includes the tentative results for 1956, as announced by Jean Filippi, Secrétaire d'Etat au Budget. *Le Monde*, January 4, 1957, p. 10.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to the contrastingly slow growth of the years preceding. Amid such uncertainties, the historian can only give the long trends the benefit of the doubt; three years do not make an Industrial Revolution.

The effort to establish the position of historical phenomena at a given point of time is, of course, only part of the work. There remains the problem of the influence of these phenomena. In this article, I shall try to examine France's economy and society and their meaning for the rest of her national life. Needless to say, this analysis is not intended to imply a monistic view of history or some hierarchy of causal relationships. Clearly, society and economy are themselves affected not only by political institutions and other persistent features of what Marxists would call the superstructure of history, but even by the adventitious and *événementiel*. Any given historical event is the complex expression of the long and short run, the familiar and the unexpected, the social and the individual. Any explanation of a past event must therefore be eclectic in its choice of factors and open-minded in its evaluation of their respective importance.

On the other hand, the historian who studies contemporary problems with a view to what is yet to come will necessarily focus his attention on institutional considerations—economic and social organization, the structure of politics, the ideological aspects of the culture. For one thing, these, by their very nature, set the framework and fix the limits of action. For another, they are the nearest thing to known variables or parameters in the infinitely complex equation of history. Ministers may come and go; laws and even constitutions change; but the land and people remain.

I

A detailed analysis of the French economy is manifestly impossible in the space of a few pages. Certain aspects, however, are of particular importance to an understanding of the nation and polity. Thus the distribution of economic activity is distinctive: almost a third of the working force is engaged in agriculture, substantially more than in countries like England and Germany.[3] At the same time, there is an

[3] The comparison with Germany is interesting (England, of course, represents an extreme case of the predominance of industry over agriculture):

Occupational Distribution of the Working Population

	France		*Germany*	
	1952	*1954*	*1950*	*1955*
Agriculture, fishing, forestry	31.6	27.5	23.2	5.3
Industry, mining	34.7	36.3	44.5	57.7
Commerce, service, professions	33.7	36.2	32.3	37.0

sources: France—*Annuaire statistique*, 1952, p. 74; 1954, p. xvi. The figures for 1954

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

unusual development of what the economist calls "tertiary" enterprise—the service, trade, and transport sectors of the economy. In a sense, this growth of the tertiary is in contradiction to what theory leads us to expect: it has been generally assumed that economic growth is accompanied by a shift of resources from primary (agriculture) to secondary (mining and manufacturing) to tertiary activities, and that a large tertiary is the consequence of a highly developed secondary sector.[4] In France this is not the case. Manufacturing is somewhat underdeveloped, and there is a hypertrophy of services and distribution, a plethora of inefficient shops and overorganized channels of wholesale trade.[5] All of this is a serious burden for the rest of the economy.

In all sectors, the scale of enterprise tends to be small. There are, to be sure, occasional giants, and very efficient ones, too: large, mechanized farms that run like factories in the Beauce and Picardy; the nationalized railways, whose trains run with a punctuality that Americans can only envy; the iron mills of Lorraine, which are among the strongest in Europe. Yet these are exceptions. This is the country of the family farm, the *boutique*, the artisan's shop, the small factory. The French have a great affection for the *petit*—the word sounds pleasantly in their ears—and these small enterprises are in effect a way of life that is the goal of hundreds of thousands.[6]

Large or small, however, most French businesses are inefficient by

---

are based on a one-in-twenty sample of the census returns of that year, not yet available in complete form. Germany—*Statistisches Jahrbuch für die Bundesrepublik Deutschland*, 1956, pp. 112-19. After 1950, the basis of the German enumeration shifts (self-employed persons and their families are excluded), and the statistics are no longer comparable with those for France.

[4] The first to formulate this hypothesis was Colin Clark; see his *Conditions of Economic Progress*, 2nd rev. ed., London, 1951, p. 395. The thesis has recently been called into question: see P. T. Bauer and B. S. Yamey, "Economic Progress and Occupational Distribution," *Economic Journal*, LXI (December 1951), pp. 741-55; and the rebuttal by S. G. Triantis, "Economic Progress, Occupational Distribution and International Terms of Trade," *ibid.*, LXIII (September 1953), pp. 627-37.

[5] The extent of this hypertrophy is not easy to determine. On the one hand, the percentage of the population devoted to commerce is lower in France than in countries like Britain, Germany, or the United States—though, to be sure, these are more industrialized and would be expected to have a larger trade sector. On the other hand, the productivity of French distribution in terms of turnover per head is much lower than in these other countries, and the number of business units is disproportionately high. In 1952 it was estimated that France had one shop for every 62 inhabitants; Great Britain, one for every 89; the United States, one for every 91. The food trades are particularly overloaded in France. J. M. Jeanneney, *Les commerces de détail en Europe occidentale*, Paris, A. Colin, 1954; idem, *Forces et faiblesses de l'économie française*, Paris, A. Colin, 1956, pp. 89-90; *Le Monde*, December 10, 1952, p. 14.

[6] Note the mystic virtues accorded the word *petit* by the Poujadist movement. Cf. Stanley Hoffmann, *Le mouvement Poujade*, Paris, A. Colin, 1956, p. 171; also pp. 33, 220, 245 n. 103, 256.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

modern standards. Equipment is generally old and often obsolete. Immediately before the war, stocks of machine tools averaged twenty-five years in age, as compared with eight in Great Britain and six in the United States; the occupation seriously aggravated this handicap.[7] In a key industry like iron and steel, only the equipment of the northern mills dates substantially from the period after World War I; that of the plants of the Northeast and Center has come down from the early twentieth or even the late nineteenth century. In 1946 France did not have a single blast furnace of 500-ton capacity; the American *average* was 500 by 1927. Until a few years ago she had no continuous strip mill; yet this equipment had been in use in the United States since the 1920's (we had over thirty such mills by the end of the war), and was capable of cutting the cost of strip steel by as much as two-thirds while markedly improving the quality.[8]

In general, French industry is insufficiently mechanized and capital investment per worker is low. The power available to a French worker after the war was perhaps one-seventh of that at the disposal of the American.[9] Productivity was correspondingly low and, more serious, was not improving fast enough to reduce the gap.[10] Since 1946, to be sure, a combination of government initiative, private efforts, and American aid has done wonders in introducing the latest machinery and bringing the more advanced enterprises to the level of the best European, or even world, practice. In the last few years particularly, productivity has risen faster in France than in Britain, and almost as fast as in Germany.[11] Yet for all that, France still has some way to go before the average quality of her manufacturing plant matches that of the others. One hundred years of lag are not made up in a decade.

[7] "France in the Economic Race: Ten Years On," *The Economist*, January 14, 1956, p. 1. The figure of twenty years is given for France in 1939 by *L'industrie française* (special number of *Etudes et conjoncture*), Paris, Presses universitaires, 1953, p. 25.

[8] On French iron and steel equipment, see *ibid.*, pp. 13-16; also J. Chardonnet, *La sidérurgie française*, Paris, A. Colin, 1954. On the continuous strip mill, see United Nations, *The European Steel Industry and the Wide-strip Mill*, Geneva, 1953.

[9] According to J. Fourastié, *L'économie française dans le monde*, Paris, Presses universitaires, 1945, p. 49.

[10] Truly comparable national statistics on over-all changes of productivity before the war are few and far between; really adequate data exist only for the United States. For France, the calculations that have thus far been established consist of one-third imagination, one-third ingenuity, and one-third approximations to empirical fact. The mass of evidence, however, direct and indirect, does convey certain general impressions of the kind expressed above. Cf. France, Service National des Statistiques, Institut de Conjoncture, Etude spéciale No. 3, *Le progrès technique en France depuis 100 ans*, Paris, Imprimerie nationale, 1944; Clark, *Conditions of Economic Progress, op.cit.*, ch. vi.

[11] Mme Cahen, "Evolution comparée de la productivité dans l'industrie en divers pays: essai de mesure," *Etudes et conjoncture*, XI (July 1956), pp. 633, 636.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Partly because of this, French manufactured products cost about one-quarter more than those of her neighbors. She finds it hard to sell abroad, and this undermines the value of the currency, which feels the steady pressure of the deficit on trading account.[12] The weakness of the franc in turn reacts back on the economy, discouraging investment and causing capital to flee, which leads in turn to further inflation. The franc is worth today perhaps one two-hundredth of its pre-1914 value. To be sure, it has remained fairly steady over the past five years, but this has been more the result of good monetary management and stringent limitations on trade than of any significant improvement in the cost structure of industry. Repressed inflation continues to be a serious problem, more so now than in some years, and a further devaluation may yet be necessary.

In sum, if the French economy is stronger, it is still not strong enough. France does much of her running in order to stay in the same place.

II

Why this lag? and to what extent will the factors causing it continue to hold France back in the future?

In part, of course, the answer lies in the misfortunes and catastrophes of history. France has suffered more than any other country, Germany included, from the two world wars of this century:[13] billions of dollars of fixed capital and industrial equipment looted or destroyed; millions of lives lost, including much of the cream of her youth; decades of accumulated foreign credits exhausted and replaced by debts; the franc weakened enough to shake the confidence of businessmen and savers, yet not enough to warrant a complete monetary reform; the economy distorted by emergency adjustments and controls that have proved far harder to unmake than to make.

On the other hand, none of these losses is intrinsically irreparable; if anything, destruction often provides a long-needed occasion for re-

[12] Those interested in the problems created by the disparity between French and foreign prices should consult the *Rapport général présenté à M. Edgar Faure, Ministre des Finances et des Affaires économiques, et à M. Bernard Lafay, Secrétaire d'Etat aux Affaires économiques*, by the Commission créée par arrêté du 6 janvier 1954 pour l'étude des disparités entre les prix français et étrangers [the Commission Nathan], Paris, Imprimerie nationale, 1954, especially the conclusion, pp. 45-47. I am indebted to Mr. Warren Baum for making this report available to me.

[13] I am told by Mr. George Ball, who directed a U.S. Army survey of bomb damage in Europe after the war, that the effect of heavy air attack on the overequipped industry of Germany was less damaging (indeed, promoted a certain amount of rationalization) than that of occasional attack, systematic looting, and forced obsolescence on the underequipped industry of France.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

construction and re-equipment. In a country that tends to use its machinery too long, the enforced amortization of war can in some ways be beneficent: France's most modern factories are to be found in those regions that were ravaged in 1914-1918.

Furthermore, France's economic backwardness goes back long before 1914. She entered on her industrial revolution well after England; even Belgium preceded her; and though she led Germany at first, the latter had passed her in both output and technique by 1870. France's economic difficulties run deeper than the adventitious wounds of war, however serious.

It has long been customary to attribute much of this weakness to geographical shortcomings. In particular, France has always lacked coal, and what coal she does have is not the right kind. The high cost of fuel has in turn raised the cost of everything else, especially metals and metal products like machinery; during the nineteenth century it was long a deterrent to the adoption of power equipment. In a wider sense, it has adversely affected the outlook of businessmen: by limiting the ability of French industry to compete with that of other countries, it has discouraged investment and constricted the horizons of the entrepreneur.

The French have done much to compensate for this handicap: by developing other sources of energy, especially hydroelectric power; by investing in foreign coal mines; by adapting their own coal to uses for which it was once unsuited; finally, by diplomatic instrumentalities like the Coal-Steel Pool, the Saar agreement, and the still tentative arrangements for a Rhine-Moselle canal.

These gains are all the more important in view of France's wealth of iron resources. Her Lorraine fields, extremely easy to mine, are among the largest in the world, and their iron content of about 30 per cent, once thought meager, seems rich in an age when many of the world's purer beds are approaching exhaustion. As a result, French metallurgy is capable of competing with that of any other country in Europe.[14]

As for the other major raw materials of industry—nonferrous metals, chemicals, textile fibers—France is not markedly better or worse off than the rest of Western Europe. She has her strong points: bauxite, salts, phosphates; and her weak: petroleum, wood pulp, manganese, wool. Some of her needs can be satisfied in large part within the terri-

[14] This is necessarily something of a simplification. For a more thoroughgoing discussion of the competitive position of the French steel industry, see Chardonnet, *La sidérurgie française, op.cit.*, pp. 115 *et seq.*, and E. Rideau, *Essor et problèmes d'une région française: houille et sidérurgie de Moselle*, Paris, Editions ouvrières, 1956, pp. 139-44.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tories of the French Union—oils and nonferrous metals in particular. On the other hand, colonial sources throughout the world have become increasingly precarious for political reasons. Moreover France, like other industrial nations, must reckon with the increasing demand of underdeveloped areas for their own products. All in all, however, the *differential* influence of raw materials on French economic development —by comparison with that of her European neighbors—is probably less important today than it has ever been.

There is one economic resource that remains to be considered: people. It has long been a commonplace that French industrial development has been retarded by the slow growth of her population. This stagnancy has presumably injured France in two ways: (1) by depressing the demand for goods and services; and (2) by diminishing the supply of labor.

French industry has, indeed, suffered in the past from the inadequacy of the home market. Yet when one examines the reasons for this shortcoming, it would appear that the difficulty has lain not so much in lack of numbers as in the limited purchasing power and unfavorable consumption pattern of such customers as there have been: too many tight-fisted peasants, too much expenditure on food, resistance to standardized products and aggressive selling. Similarly, it is true that France has imported large numbers of workers for her mines and factories: Italians and Poles after the First World War and, more recently, Italians and North Africans. Yet here, too, the root of the trouble has lain not in an absolute shortage of numbers, but rather in a maldistribution of labor through the economy and a repugnance of native workers for the harder and dirtier jobs.

In any event, the behavior of the French birth rate in recent years has done much to allay decades of concern and even anxiety. To the surprise of demographers and social scientists, births increased sharply during the war and have continued above the prewar level; the French birth rate is now one of the highest in Western Europe.[15] Whatever the economic importance of this rise, its social significance should not be underestimated. The old stagnancy of the population was in large part a reflection of unhealthy social attitudes: the sacrifice of children to the conservation of the patrimony, the enhancement of family status, and the comforts of irresponsibility. The present upsurge, therefore, would seem to imply a more hopeful attitude toward the opportunities of French society and a shift, however slight, from reliance on the

[15] After Portugal, Ireland, Holland, and Spain, in that order. United Nations, *Demographic Yearbook*, 1955, p. 617.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

family, requiring the concentration of all resources on one or two children, to reliance on the individual and his achievement.

III

Resources, however, are only one of several factors determining the rate and direction of growth of a given economy. French development has long been retarded by the failure of her businessmen to exploit effectively such resources and opportunities as have been available.[16]

Most French enterprises, including many of the middle-sized and large ones, are family firms. That is, they are not only owned and run by members of the family, but are so inextricably bound up with it that it is hard to say where the one begins and the other ends. Frequently the family lives out of the cashbox of the enterprise, which is simply a means of subsistence and has no real identity of its own. Even where a technical separation of the family wealth and the business treasury has been effected, the firm is not an end in itself but exists primarily as the material support of the social status of the owners.

This bond inevitably affects the way in which the firm is operated. It determines the goals of enterprise, the attitude toward investment, risk, competition. The family firm tends to place inordinate stress on safety and security. It fears change and is unwilling to borrow for fear that the lender, whether individual or bank, will gain a foothold in the enterprise. As a result, the firm prefers to enjoy its own little market, to make as much as possible on each sale rather than maximize total profit by selling more at a lower price, to pile up the biggest reserves possible. (In most cases, of course, the business yields little, if any, profit; it is simply a means to exist modestly and independently.) Much of the capital thus accumulated never goes into the business, but goes instead into land, "safe" securities, foreign holdings, gold. Most family enterprises (not all, for there are striking exceptions) grow slowly, if at all; a good many have always had to depend on preferential tax

[16] It is impossible in the space available to discuss this problem with all the detail and caveats it requires. The reader may refer to two of my earlier essays: "French Entrepreneurship and Industrial Growth in the Nineteenth Century," *Journal of Economic History*, IX (March 1949), pp. 45-61; and "French Business and the Businessman: A Social and Cultural Analysis," in E. M. Earle, ed., *Modern France: Problems of the Third and Fourth Republics*, Princeton, N.J., 1951, pp. 334-53; also a debate on the historical significance of the entrepreneurial factor: A. Gerschenkron, "Social Attitudes, Entrepreneurship, and Economic Development," *Explorations in Entrepreneurial History*, VI (October 1953), pp. 1-19; Landes, "Social Attitudes, Entrepreneurship, and Economic Development: A Comment," *ibid.*, VI (May 1954), pp. 245-72; Gerschenkron, "Some Further Notes," *ibid.*, VII (December 1954), pp. 11-19; Landes, "Further Comment," *ibid.*, pp. 119-20.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rates, government subsidies, even tax evasion, in order to survive. Of those that do grow, all find it difficult, because of the need to recruit management from within the limited family circle, to maintain momentum over the generations. Not only is the law of averages against the persistence of a high level of business talent in a small group; the very success of the parents is a handicap to the children, reinforcing on the one hand the authority of tradition and, on the other, weakening or diverting the incentives of ambition.[17]

The marginally backward family enterprise is, of course, the extreme case—though the most common. French business also has its big, modern units—many, if not most, of them organized as joint-stock corporations and thus presumably free of the entrepreneurial shortcomings of the family firm. Indeed, the gap between most and least efficient in a given industry is probably far wider in France than in any other Western European country except Italy. Clearly, the pressures of competition are not strong enough to raise the general level of business performance high enough.

To some extent, this failure of the competitive mechanism is explicable in terms of such objective weaknesses of the French economy as have already been discussed; the high cost of fuel and the slow growth of population, for example, have worked to impose something of a ceiling on the scale of manufacturing enterprise. More significant, however, have been the market policies of the more efficient firms: they have voluntarily abstained from swallowing their weaker competitors. Rather than cut prices and increase sales and total profits, they have preferred to accept the prices set by the least efficient and pocket a larger unit return. Partly this is because the corporations have usually been founded, managed, and owned by people who, though operating on a larger scale, have the same basic values as the conservative family entrepreneur: the emphasis on prudence, the affection for the security

[17] It has been argued, notably by H. J. Habakkuk, "The Historical Experience on the Basic Conditions of Economic Progress," in L. H. Dupriez, ed., *Economic Progress*, Louvain, Institut de Recherches Economiques et Sociales, 1955, p. 159, that the success of family enterprises in other contexts—in promoting, for example, an industrial revolution in England—tends to disprove the above bill of particulars. It seems to me that the analogy is incorrect. Aside from differences of structure and character between the family firms of divers countries, the effectiveness of any species of the genus is clearly a function of the nature and stage of development of the economy in which it operates. An organization that was eminently suited to build a factory system step by step from the ground up was poorly fitted to establish *de toutes pièces* a more advanced and expensive technology (witness the need for investment banks and joint-stock companies on the Continent in the mid-nineteenth century); or to the sustaining of growth once the cost of equipment and the pace of technological change had gone beyond a certain point (witness the difficulties of England in the late nineteenth century).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of large reserves, the fear of ambition and novelty. At the same time, this policy of live-and-let-live has the general approval of French society, which tends to regard competition as destructive and business survival as a right contingent only on the honest and workmanlike performance of an economic function—not as something to be risked in a dog-eat-dog market place.

Implicit in all this is the image of the market as static rather than growing: there is just so much demand to go around, and one seller's gain is necessarily another's loss. In such circumstances, the businessman takes it for granted that efforts to increase sales will not only be costly but will almost surely call forth reprisals. And since every industry contains at least a few efficient enterprises with large reserves and a wide profit margin to fight with, the potential troublemaker has good reason to leave well enough alone.

This kind of Malthusianism is of course self-sustaining. French producers have always been too quick to assume that foreign markets are inaccessible and the home buyer immune to blandishment; they have helped by their passiveness to confirm their own misgivings. On the other hand, it is only fair to note, as above, that French industrialists have had to deal with particularly difficult customers, many of whom—though in diminishing numbers—continue to resist modern techniques of merchandising and the use of credit. At the same time, they have been handicapped by a conservative banking system, which has been particularly weak in financing exports,[18] and by archaic channels of distribution, whose high costs and profit margins have served to restrict further the already inadequate demand.

Yet even if an enterprise, well-financed and directed by energetic men impervious to public sentiment, did decide to challenge the status quo, it would find its path beset with obstacles. The lives of too many people are bound up with the present system. If competition had free play, thousands of enterprises would have to close up shop, move, or transform themselves. Tens, even hundreds, of thousands of people would have to migrate, some to other countries. Many would at the same time lose the independence that is their most cherished possession.

To prevent this, the otherwise conflicting classes of French society are largely agreed on the need for such political and legislative action as will protect existing interests. High tariff barriers and trade quotas are maintained so as to protect the home market with its gentlemanly be-

[18] I was told in 1953 that the portfolio of the Banque Française du Commerce Extérieur showed less than 10 per cent of the credits outstanding in foreign trade operations. The problem is an old one.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

havior from the rude shock of outside competition. Entry into certain businesses is restricted by law or discouraged by administrative complications; for a time after the war, it was even customary for the government to ask the established enterprises in a field whether there was room for more before granting permission to operate. The tax burden is warped so as to favor the artisan's shop over the factory, the farmer over the rest of society. I recall visiting a large department store and seeing handsome radios of unknown make selling for perhaps half or two-thirds the price of equivalent "name-brand" sets. Why? They had been assembled in backyard workshops by artisans who bought the components from the very "big-name" corporations they were competing with; these little shops owed little taxes, paid even less, evaded social security requirements, had almost no overhead. The radios were sold on commission; if they sold, well and good; if not, the store returned them to their makers. One is reminded of the tiny shops that characterized the beginnings of this industry, or of the automobile industry, in the United States. The difference is that radio is not in its infancy; and that huge corporations like Phillips should not normally be undersold by home artisans.[19]

IV

What are the wider implications of all that has preceded? For one thing, it makes clear that the modernization of the French economy requires more than the injection of capital, resources, and new techniques. The key difficulty is not so much the lack of innovations—France has its up-to-date enterprises—as the slowness of their diffusion owing to the absence of competitive pressures. Secondly, it is apparent that the productive system itself does not generate change rapidly enough; however impressive the occasional spurts, there is an ever-present tendency to coast. To some extent this has been countered by government initiative. But this is costly and, up to now at least, the emphasis has been more on the improvement of the most efficient units than on the animation of the system as a whole. The result has been to maintain the gap between the strong and weak, intensify the pres-

[19] This kind of price rivalry does not contradict the above analysis of the nature of the market and the attitude of society toward competition. For one thing, the two products are economically not the same: the off-brand set is assumed to be markedly inferior—though in fact it may not be. For another, the impact of artisanal sales on the prosperity of the large firms and the security of their employees is negligible—hardly the sort of thing to invite public condemnation. Besides, in France—as in any country—the little fellow is allowed certain liberties.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sures for protection of the status quo, and leave the fundamental difficulty untouched.[20]

Whatever the economic future of France, however—and clearly much remains to be done—the historical effects of this long retardation have clearly been unfortunate. To begin with, national income has grown slowly: in 1938 it was lower than in 1913, and while post-World War II gains have now brought the level to a new high, France still has some way to go before she recovers the relative place she once held.

As a result, there has been a comparative decline in the French standard of living. For the worker especially, the conditions of life are not significantly better than they were decades ago. If some things are improved—if he has electricity, for example—much is unchanged, and his housing is probably worse. Housing is one of the sorest points of the French economy. The average dwelling, perhaps a century old, lacks any of the modern conveniences—including running water—and is desperately in need of decoration and repair. Hundreds of thousands must live in slums that beggar description and are so widespread that they can hardly be characterized as "slums," a term which ordinarily connotes something exceptional, a blot on an otherwise decent landscape. French housing is more blot than decency, and in spite of an unconscionable tolerance for intolerable conditions (it is even possible to see collapsing hovels shored up by huge pillars planted in the city streets), more housing has to be condemned every year than is built. Moreover, owing largely to the persistence of anachronistic rent ceilings, such housing as has been built since the war, if privately financed, has been produced almost exclusively for sale rather than rental—another example of the deterrent effect of special privilege on economic growth.[21] In general, the workers have benefited less than any other

[20] To be sure, one may point to measures in recent years designed to break down market rigidities and encourage the diffusion of more efficient techniques. But one can as easily cite measures of an opposite tendency. This taking with the one hand and giving with the other, which sometimes is the expression of division within the government but more often reflects the fundamental difficulty of reconciling economic rationality with political expediency, is well illustrated by the whole approach to tariff reform.

[21] A convenient and authoritative discussion of the housing problem, although not entirely up-to-date, is the drily official report of the Inspection des Finances, *Rapport sur les travaux de l'Inspection Générale en 1951*, II: *Les interventions des pouvoirs publics dans le domaine du logement*, Paris, 1952. No thorough study of French housing standards exists, but even the abstractions of the official census convey something of their inadequacy and even poverty. Cf. *L'espace économique français* (special number of *Etudes et conjoncture*), Paris, Presses universitaires, 1951, pp. 100-43 (a later edition appeared in 1955); also "Structure des logements en France: principaux résultats du recensement de la population de mai 1954," *Bulletin hebdomadaire de statistique* (January 21, 1956).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

group from the gains in national income and productivity since the war; only in the last few years has there been a significant improvement in real wages and salaries.[22]

The serious social and political consequences of this situation are not hard to imagine. On the one hand, the persistently depressed standard of living has been a source of discontent; one part of French society looks at another and resents what it sees and feels it will never have.[23] On the other, the prestige of foreign systems grows as dissatisfaction with French performance increases. The French worker is prey to Communist manipulation, if not Communism itself, because he is disgusted with conditions at home, has little faith in the capacity of free enterprise, and feels that a different kind of economy could do a better job.

V

This is something of an oversimplification, of course. Communism in France is not simply a product of poverty and misery, nor will the improvement of material conditions alone suffice to eradicate it. In order to understand why five million Frenchmen vote Communist, in order to appreciate the general strengths and weaknesses of France as a nation, one has to consider not only the performance of her economy, but also her social and political structures as they affect it and are affected by it.

First, French society. Briefly, this is a society in which status lines are more carefully and precisely drawn than in our own. There is great stress on subtle and not-so-subtle symbols of rank: the clothes people wear (gloves are a sign of bourgeois status), the words they use, even the hours during which they shop. The Frenchman generally knows where he stands in society, and the people he meets can also place him with some accuracy. This social hierarchy, moreover, is defined by a multitude of nice distinctions; within the *bourgeoisie*, for example, lines are drawn between shopkeepers and functionaries, between petty func-

[22] Cf. "L'évolution récente des revenus salariaux modestes en France," *Etudes et conjoncture*, IX (1954), pp. 754-79.

[23] It must be admitted that sentiments of this kind are hard to pinpoint and evaluate. Most observers would agree that housing is a sore point with French workers and that there is a keen feeling of discontent with the distribution of the national product. Yet a recent small survey of housing conditions showed that over 50 per cent of the workers questioned were satisfied with their present lodgings. "Les premiers résultats de l'enquête 'logement' de l'INSEE," *Bulletin hebdomadaire de statistique* (April 21, 1956). Assuming that this picture is correct, part of the explanation may lie in the limited expectations held by many Frenchmen; this has long been a source of frustration to leaders of the labor movement. One often finds a strange combination of specific satisfaction (or resignation) and generalized discontent.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tionaries and officials, between merchants and professional men, and so on. Contrast the United States, with its vast, diffuse middle class, which most people, including some very rich businessmen and poor workers, say they belong to. Note also that these distinctions in French society, while related to wealth and income, are also linked—more than in America—to nonmaterial criteria: way of life, education, occupation, and so on. Money is important in France (in some ways, far more important than in the United States), but it is relatively less important as a determinant of status.[24]

There is probably less social mobility in France than in the United States; certainly, the patterns of mobility are different. Since money by itself is less powerful, it is harder for a person to rise far in the social scale. Achievement helps, but who you are and where you come from are usually more important; a man's position is significantly affected by that of his family. Mobility is therefore something that occurs over the generations, rather than within the career-life of an individual. The father may become rich in his store, but he remains a *petit bourgeois*; the son will go to a university and try to become an official or a professional—a *bourgeois*; and if the grandson has talent and good fortune, he may become a business executive or a highly placed officer of the government—a *haut bourgeois*. Furthermore, although the lines between status levels are far from impossible to cross, they must be carefully maintained. One may rise in the scale, but then one must be all the more careful to redefine one's position, to cut off one's ties with the level left behind, to leave no doubt as to one's new place.[25]

As a result, there is a certain lack of communication and sympathy across status lines. In particular, the sharp distinction between the heterogeneous *bourgeoisie* and the more uniform mass of the *peuple* cleaves France in two and produces all the evils of a schism in the body social.

[24] For one thing, money would tend to blur distinctions that the French consider important; for another, the French are not "conspicuous" consumers and often conceal wealth deliberately. To be sure, even with concealment the presumption of wealth remains, and it would be difficult, if not impossible, to maintain any degree of status without the appropriate material resources.

[25] The best analysis is still that of Edmond Goblot, *La barrière et le niveau: étude sociologique sur la bourgeoisie française moderne*, Paris, Alcan, 1925. The analysis of S. M. Lipset and N. Rogoff, "Class and Opportunity in Europe and the U.S.: Some Myths and What the Statistics Show," *Commentary*, XVIII (December 1954), pp. 562-68, is unconvincing on methodological grounds; among other things the choice of categories and the character of the inquiry that the statistics are based on leave much to be desired. See the criticism by H. Luethy, "Social Mobility Again—and Elites: A European View," *ibid.*, XX (September 1955), pp. 270-73. More serious is the lack of direct knowledge of European conditions; it is extremely difficult to write of social patterns at second hand, particularly when the only data employed are statistical.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This is the highest, most clearly defined of the status barriers. On the one side are those who do not do manual labor; who have had a certain amount of education and place great stress on its importance; who are socially ambitious and want their children to rise above them if possible. On the other are those who work with their hands (excluding surgeons or draftsmen, of course, who presumably use their hands differently, but including a whole range of service employees and salespeople); who have little, if any, education; who cannot afford to send their children to school for very long; who generally show no respect for the bourgeois values of thrift and diligence—in part because they cannot afford them, in part because they have no hope of rising. The people on the two sides of this barrier look at each other almost as aliens; they talk of "them" and "they"—the people on the other side of the wall.

This sharp social cleavage, combined with the economic weaknesses mentioned above, goes far to explain the character of the French labor movement. The French worker almost never visualizes himself or his children as potential employers or even as potential bourgeois. He is convinced—with much justice—that he is exploited, that there is not a fair division of returns, that any improvement in productivity simply serves to line the pockets of the employers.[26] He is persuaded that short-term gains—wage increases, for example—are illusory and will only be swallowed up by inflation. He sees society as composed of "haves" and "have-nots," and feels that only a revolution of the social structure can ever change this. As a result, the labor movement has, in the past, been essentially political, aiming generally at the establishment of some form of socialism. Disagreement over methods has torn it asunder, however, so that it has been unable to serve as an effective economic force.[27]

The political implications of economic weakness and social schism are extremely serious. The deep-rooted discontent of many Frenchmen finds expression in a large protest vote for political extremism. Probably over half the industrial workers in France vote Communist, as do many farm laborers, poorer peasants, small functionaries, and intellectuals.[28]

[26] Most French employers whom I have spoken to assume that the return from any gain in productivity due to the introduction of more efficient capital equipment should accrue entirely to the employer. It has taken some effort to instill a different attitude and give labor a stake in the improvement of techniques.

[27] For an enlightening comparison and contrast of the French and American labor movements, see Val Lorwin, "Reflections on the History of Two Labor Union Movements: France and the United States," *Journal of Economic History*, XVII (1957), pp. 25-44.

[28] See H. Lüthy, "Why Five Million Frenchmen Vote Communist," *Commentary*, XII (September 1951), pp. 199-208; also C. A. Micaud, "The Bases of Communist Strength in France," *Western Political Quarterly*, VIII (September 1955), pp. 354-66; "Le parti

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This advocacy of Communism by millions of voters who know little of its real character, who would be among the first to oppose a Soviet-style dictatorship in France or the subordination of French interests to those of Moscow, is an act of mass irresponsibility.

Furthermore, the Communist sympathies of much of French labor have their own consequences. They mean, in effect, the exclusion of the worker from participation in government, except on the local level, and his further alienation from the rest of society. In this way, a gulf that is already too wide widens further. The conviction that revolution is the only solution is confirmed. And while—except for the hard core of party militants—this revolutionary attitude is more negative than positive, more passive than active, it is nonetheless a real danger to the stability of France and the security of the Western world.

The structure of French society, in combination with the shortcomings of economic performance, has important implications for the behavior and attitudes of the *bourgeoisie* as well as the *peuple*. Where the worker tends to be resigned to his fate, though resentful of his condition, the bourgeois is ambitious; he is a social climber by nature. And because so much depends on the family enterprise, because not only the income, but the social position of all the family members is involved with its security and prosperity, the attitude toward anything affecting this prosperity or security is more emotional, more serious, more inflexible than in the United States. The French family entrepreneur has never accepted the ideal of justification by performance in a competitive market. Rather, as noted above, the enterprise is its own justification: it maintains the family that owns it; it supports the families of those who work for it; it provides honest merchandise or services to those who buy from it. For the French businessman, bankruptcy is a moral disgrace, and anything that threatens the family enterprise is not only dangerous but evil.

This attitude has significant political implications. It means that much that the country does is judged primarily or exclusively according to its effect on the fortunes of the family, and that loyalty to family interest is placed before loyalty to the government or to some such abstract principle as respect for law. Moreover, this preference is strengthened by the long tradition that the government—and, in particular, the bureaucracy—is something apart, something arbitrary and even despotic, against which ordinary citizens must always be on their guard. This

communiste," in M. Duverger, ed., *Partis politiques et classes sociales en France*, Paris, A. Colin, 1956, pp. 181-93; Jacques Fauvet, "Les paysans," *ibid.*, pp. 155-77.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tradition goes back over 150 years to the Old Regime, with its incredible inefficiency and egregiously discriminatory tax system. But it has, if anything, been strengthened by the succession of governments that have followed 1789, whose own inefficiency and discriminatory fiscal measures fall all the more vexatiously on a population that no longer agrees on the validity of the regime itself.

The result is a generalized *incivisme*, a lack of good citizenship, which shows itself in a variety of ways: tax evasion,[29] a tendency on the part of the individual Frenchman to judge the laws for himself and ignore them when they are found wanting, a cynicism about the motives of legislators and officials that, however justified, only encourages further grounds for cynicism. Sometimes this finds expression in something no more serious than passing a red light when no one else is around—hardly a failing peculiar to France. Sometimes it shows in a general refusal to sacrifice personal convenience to the public interest—witness the reaction to government appeals to conserve gas during the Suez crisis: there was a run on the pumps.[30] And sometimes it leads to actions that would be almost inconceivable in other countries: manifestoes from grape growers in the South threatening to throw up road blocks if subsidies are not forthcoming; or forcible resistance to tax collectors who presume to pry into the business affairs of private citizens.

All of this—economic weakness, the precedence of family interests over common interests, the inequality of fiscal burdens, the generalized cynicism and *je m'en fou'-tisme*—fosters the atomization of society along narrowly selfish lines. City dwellers are set against farmers, farmers against merchants, businessmen against government officials, salaried workers against self-employed. There is a multiplication of special interest groups, and every privilege elicits others. The resultant burden on society is extremely heavy; the cost of favors, subsidies, tax preferences, and so on runs high.[31] In the end, it is the worker and the

[29] There is some disagreement about this, and so expert a student of French taxation as Carl Shoup is inclined to depreciate the extent of evasion. Cf. "Taxation in France," *National Tax Journal*, VIII (December 1955), p. 332. Yet even he notes that evasion is serious enough to make the government set tax rates higher than the taxpayer can afford, in order to discount expected evasion. This in turn encourages the taxpayer to evade further, which induces higher rates, and so on. J. J. Houghteling, Jr., "The Income Tax in France," *Public Policy*, V (1954), p. 311. One key difference must be noted between French tax evasion and, say, American: the Frenchman takes evasion for granted and feels that only a fool pays all his taxes; he has no hesitation in expressing this opinion even to strangers. No American would admit to evasion in this manner.

[30] See the *New York Times*, November 19, 1956, p. 16, for the contrasting reactions of Frenchmen and Britons to the same situation.

[31] A recent report of the Ministry of Finance announces that the government is spending some $200,000,000 a year in subsidies and tax cuts in order to keep consumer prices down. *New York Times*, December 17, 1956, p. 43. The sum total of all such

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

salaried white-collar employee who pay. The latter is in some ways the more poignant victim. He is a bourgeois, and all the more determined to be one since he is at the bottom of the ladder, only one step from the *peuple*. He tries to live like a bourgeois, which often means that he spends more than he can afford or pinches where it hurts. His values clash with his material position and his self-respect suffers. As a result, he too is alienated to some extent from the rest of society. He is usually not a Communist; but he is the discontented backbone of what he is often inclined to look upon as the overdomesticated Socialist Party.

What is more, these divisions are aggravated by lack of consensus on the institutions, symbols, and ideals of the nation. The French people disagree strongly about the nature and role of government, about the merits and place of church and religion, about the heroes and villains of their history. There is, of course, *la patrie*, and almost all Frenchmen with the exception of militant Communists are united in their loyalty to France. Yet in view of the deep disagreement about what is France, the unity is more apparent than real. Historians have sometimes written of the "two Frances"; unfortunately, there are many more.

VI

To a great extent, the character of French politics and the effectiveness of French government are a function of the economic difficulties and social divisions discussed above. On the one hand, these pose the problems that the nation must solve in part by political action; on the other, they condition the ability of political institutions to conceive and effect solutions.

Before discussing this, however, it is necessary to examine briefly the structure of French national politics. (For lack of space, we shall have to neglect local politics.) The essential point is the difference between the relatively fixed organs of government—the *administration*—and the more temporary executive and legislative bodies—the Council of Ministers and the National Assembly.[32] The latter come and go—ministries

distortionary expenditures is of course much greater; in 1955, one billion dollars went into so-called "economic" subsidies, many of them designed, not to lower prices, but to keep them up. See Jeanneney, *Forces et faiblesses, op.cit.*, p. 231.

[32] This is a simplification, and ignores the second chamber. Yet in spite of reforms designed to increase the importance of the Council of the Republic, ministerial responsibility remains essentially unicameral. Cf. D.W.S. Lidderdale, *The Parliament of France*, London, [1951]; Roy Pierce, "Constitutional Revision in France," *Journal of Politics*, XVII (May 1955), pp. 221-47; Peter Campbell, "Constitutional Reform in France, 1950-1954," *Political Science* (Wellington, N.Z.), VII (September 1955), pp. 76-100; P. M. Williams, "Constitutional Revision in France," *Political Studies*, III (June 1955), pp. 153-56.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in particular are fragile things—but the bureaucracy goes on: maintaining law and order, levying taxes, operating the postal system, spending money, filling out millions of reams of paper, and generally doing everything that a government must do if a society is to go on working. It is this distinction that must be kept in mind when one talks about the instability of the French government. Most of what passes as government is remarkably stable and even dedicated. The French bureaucrat takes his work seriously.

Policy-making is something else again. The multi-party system, with its delicate coalitions of conflicting groups and transitory ministries, is a serious obstacle to decisive action or continuity of policy outside the sphere of everyday administration. This is the side of French government that upsets or amuses other nations—depending on their point of view. In foreign affairs, disunity has made it difficult to adapt to changes in the world outside and produced a succession of too-little, too-late disasters. In domestic matters, it has made it impossible to deal with any of the deep-rooted difficulties discussed above and has encouraged the *incivisme* and cynical disrespect for authority that complicate an already difficult task. The more ineffectual the rapid succession of governments, the harder it is for any new government to be anything but ineffectual.

The important thing to note is that this political impotence is not an accident, or the result of some constitutional failing. Politics is not like business, where a misplaced comma can alter the nature of a contract and determine its operation. In a democracy and over long periods of time, people get the kind of government they want. The French Republic is impotent because too many people of real influence want to keep things as they are. Given an economy that is insufficiently productive, that rests on high profits and low wages, an economy in which many powerful interests survive thanks only to favors and subsidies, basic reforms are to be avoided at all costs. As now constructed, the French government is not a hopelessly incompetent machine, but a rather artful mechanism designed to perform everyday routine while effecting little or none of the serious political adjustments that any nation—and particularly France—should continually make.

Under the circumstances, one must conclude: first, that only direct necessity, if that, will compel the French to abandon the convenience of political inefficacy;[33] and second, that there is no reason to believe that

[33] It is no coincidence that the efforts to create a stronger executive at the end of the war failed; or that the attempt to stabilize ministries by providing for dissolution of the Assembly was long thwarted by technical evasions.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

longer-lived parliamentary majorities will be any more disposed to make serious changes than the come-and-go coalitions of the present day.

Yet how can any government go on this way indefinitely? Even if everyone is more or less agreed on avoiding fundamental changes, the necessity of change has a way of pushing in and spoiling the party. French officials have often said that all France needs is time, that things move slowly there. Unfortunately, there are problems that will not wait.

One kind of problem that will not wait is colonial difficulties. Here France's hand is forced by the actions of others: rebellious native populations, foreign agitators, outside governments. And while the action taken by France in these matters often is inadequate and too late, it does come. It has to come, even if it simply takes the form of liquidation, as in Indo-China.

It is in domestic affairs that we find real paralysis—not action, but only the postponement of action. Here the problems are so deep-rooted, the opposition to change so intransigent, the appreciation of the task so inadequate, that even those who stand to gain by reform oppose it or do not know where to seek it. Yet here also, problems will not wait indefinitely, and there is one in particular that comes up repeatedly with an insistence that cannot be ignored: every month the French government, like all governments, must pay its bills.

This is not easy for a nation whose economy does not produce enough income to provide tax revenues large enough to cover expenses that are themselves swelled by the weakness of the economy.[34] The government can never rest. No sooner is one corner of the economy propped up than another sags, and the round of petitions, grants, protests, exemptions goes on forever. Every budget is an ordeal.

Moreover, it is here that colonial and foreign difficulties become domestic difficulties. France's heritage of an empire and a position of world importance has been a crippling burden—the cost has far outstripped the rise in national income. The expenses of the war in Indo-China swallowed even the generous American aid of those years;[35] and the present outlays in Algeria, at a time when American contribu-

[34] The French do pay as much taxes in proportion to national income as Americans. But because of widespread evasion and the desire to spare certain economic interests, the burden is unfairly distributed, and more than two-thirds must be realized in the form of indirect taxes.

[35] This, at any rate, is the contention of the French government. But to my knowledge no official account of the cost of the Indo-Chinese war has ever been made public, and it is impossible to say how much of the outlay went for military requirements, how much for the normal administrative expenses of the area, and how much for such questionable purposes as supporting the value of the piaster.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tions have shrunk to almost nothing, threaten to strain the financial resources of the state to the breaking point. To fill the cup, the recent events in Egypt and the interruption of the flow of Middle Eastern oil have cost France a fortune in precious foreign exchange, set off a wave of price increases, and given a serious setback to the current spurt in productivity and output.

The historian is not a seer, and only a fool would venture to predict what this combination of economic weakness, social discontent, political incapacity, and fulminating crisis will lead to. It is possible, for example, that France may lose Algeria politically while retaining close economic ties—in which case she will probably be the stronger for her loss; on the other hand, given the hatred that grows with conflict, any separation may have to be, or grow to be, a complete one. This is the kind of national disaster that might prove to be France's *minute de vérité*; by compelling her to look within herself and find new sources of strength, it might conceivably precipitate the long-desired yet much-dreaded general reform of her economy and government.

It is also possible, of course, that France may succeed in holding Algeria or in enforcing some kind of partition. In either case the cost would be heavy, and some rationalization of her economy would be indispensable. This in turn would aggravate the social and political difficulties discussed above. Already the government has been compelled to be more vigorous in its collection of taxes and to reduce subsidies. The little man who, with the end of the postwar sellers' market, began to feel some competitive pressure for the first time in years, now finds it hard to defend himself in the traditional way—at the expense of the state. Hence Poujade, who is both a depressing symbol of selfish reaction and an encouraging symptom of rationalization. In the meantime, change is painful, and all the sores of the society are chafed and inflamed.

One thing is certain: something must go. France must reduce her commitments abroad or cut her expenses at home. She will probably have to do both. And in the light of her failure in Egypt and the manifest discrepancy between her means and ends, she may yet want to. She may even go so far as to join in creating a unified European market, which would do more to strengthen the countries of that continent than anything since the Industrial Revolution.

In general, she will tend to withdraw first from those areas that are farthest removed from her own immediate interests. She will abandon NATO before Algeria and accept the political loss of Algeria before reconciling herself to drastic economic and social reform at home. In

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the reduction of her foreign commitments, she will be sustained by the lesson of Suez: that military power is an obsolete luxury in a world dominated by the United States and Soviet Russia.

And while some American officials may regret this turning in upon herself, France will, I think, profit by it. Which will in the end gladden all of us. For in this world of naked power and fanaticism, of crusades and cant, of uranium and oil—a world in which the sins of the fathers are being visited on the children with interest—there are too few countries that offer us light, beauty, and pleasure—and a friendship based not on self-interest, but on long affection and a common belief in the same fundamental human values.[36]

[36] On the general implications of current American foreign policy for French diplomacy and France's "agonizing reappraisal" of her relations with the United States, see the important article of Thierry Maulnier, "Lettre aux Américains," *Figaro*, January 9, 1957; reproduced in *New York Times*, February 6, 1957. The article is significant because it expresses the feelings of many of those in France who have been our strongest supporters.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PLANNING AND ECONOMIC PROGRESS IN FRANCE

By WALLACE C. PETERSON

FRANCE, it is said these days, is the "sick man of Europe," a dubious honor once bestowed on the crumbling Ottoman Empire.* To the outside observer it seems as if crisis following crisis is the "normal" state of affairs in France. Within France, the illusion that the post-Liberation social order would somehow be fundamentally different from that of the prewar regime is no more; politically, economically, and socially France today seems distressingly similar to the France of yesterday. *Plus ça change, plus c'est la même chose.*[1]

There is in the attitude suggested by these remarks an important element of truth, but, as is the case with most generalizations, not the whole truth. It really is not so that little has changed in France during the last ten years. True, in the Fourth Republic the politicians play at their game of musical chairs with the same vigor and spirit that characterized the Third, but behind the façade of apparent aimlessness in political life, important and even profound changes have been taking place in the economy. Paradoxically, France, which has so frequently seemed determined to demonstrate to the world an absolute incapacity for self-government, has at the same time carried out a complicated experiment in economic planning, the results of which have frequently been brilliant.

This is not to suggest that in economic planning the French have found the answer to all the many difficulties that still beset them. This is far from the case. Actually, the student of French economic life cannot help but be perplexed by the fact that in France an enormous endowment in natural resources and human talent so often adds up to very little in the way of human welfare. Be that as it may, the economy of France has not been standing still, and it is the purpose of this article

* EDITOR'S NOTE: This article was written before the changes in the French economy during 1956 were fully known or those of early 1957 had emerged. While the "sick man" has been showing an encouraging vitality in the last two years, and while the high rate of investment and modernization has held up, France is now suffering from inflation, a weak balance of payments, and a sharp loss in reserves of international liquidity. However, these developments in no way date the major analysis of the article.

[1] Herbert Luethy's *France Against Herself*, New York, 1955, is one of the most penetrating of recent studies of France's chronic crisis; see also Ronald Matthew's *Death of the Fourth Republic*, New York, 1954.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to examine some of the ways in which planning has affected economic development in France during the last ten years.[2]

I. Planning for Modernization

Economic planning in postwar France began somewhat humbly in 1946 when the Provisional government created, by decree, a planning commission (Commissariat Général du Plan) and charged it with drafting a plan for "modernizing" the economies of France and the French Union countries. The result of this was the now famous "Monnet Plan," first made public in November 1946.

The influence of three sets of circumstances convinced the Provisional government that this was an auspicious moment to launch a long-term planning project. First, the bitter experience of stagnation in the 1930's and crushing defeat in the war persuaded most French citizens that their economy was hopelessly anachronistic, ill adapted to the challenge of providing its people with a modern standard of life. To be blunt, France's postwar economic survival and progress depended upon a systematic overhaul of her economic structure, a task which could hardly be achieved without some form of planning.

Second, France in 1946 was still suffering from material destruction and financial disorganization, a legacy of the war, the German occupation, and the Liberation. Reconstruction, a gigantic task in itself, required planning to establish priorities and mobilize resources efficiently. Moreover, there was a pressing need for an inventory of the economy's requirements and resources to document France's case for economic assistance from the United States during the reconstruction period.[3]

Finally, there was the fact that a number of key industries had been or were about to be nationalized, including electrical power, gas production, and coal mining. The post-Liberation nationalization acts originated in the wartime National Council of Resistance, which demanded in its program "the return to the nation of the great monopolies in the means of production, the sources of energy, the mineral wealth, the insurance companies, and the large banks."[4] Proponents of national-

[2] Economic planning, it seems accurate to say, has become a permanent structural characteristic of France's economy. The Monnet Plan, originally conceived as a four-year plan (1947-50), was, in 1948, extended for an additional two years to coincide with the expected termination of Marshall Plan aid to France. During 1953 the second modernization plan (1954-57) was drafted, and a third plan for the period 1957-61 is now in preparation. Undoubtedly, the latter will be followed by a fourth plan.

[3] On the role that the need for American assistance played in the formulation of the Monnet Plan, see L. Laurat and M. Pommera, *Le drame économique et monétaire français depuis la libération*, Paris, 1953, pp. 239ff.

[4] Program of the National Council of Resistance, published at Algiers in March 1944.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ization envisaged using the public sector as a lever to direct and control the whole economy. Nationalization in reality was not carried to the point demanded by the Resistance Council, but enough key industries and financial institutions were nationalized to thrust the public sector into a dominant position in the economy.[5] Obviously, some degree of over-all planning was inescapable in this new situation.

In general terms, the first modernization plan aimed at a 25 per cent increase in total production, using 1929 as a base; restoration of equilibrium in France's international accounts; and a substantial, though unspecified, rise in the standard of living. These goals were to be achieved by means of: (1) a program of capital investment in six "key" industries (coal, electrical power, iron and steel, cement, transportation, and agricultural machinery); (2) mechanization of agricultural production; (3) modernization of the archaic construction industry; and (4) an expansion of productive capacity in industries producing for export.[6]

In all this, the strategic factor was the program for investment in basic industries. Capital formation in these industries, the planners reasoned, would have a catalytic effect upon the whole economy. Jean Monnet, who is well schooled in Keynesian income theory, argued that a high rate of investment expenditure in basic industry would sustain and enlarge demand in other economic sectors. Incomes and profits would be increased as the multiplier effect came into play, and thus the "finance" for capital expenditure in the whole economy would be provided. A well-directed investment program, in other words, would provide "bootstraps," by means of which the economy could lift itself out of the morass of war damage and stagnation. "La modernisation s'auto-finance."[7]

It was also necessary at this time to concentrate on basic industry because the shortage of key resources was a bottleneck that had to be broken if production was to expand. Moreover, the basic industries were either nationalized or highly concentrated—i.e., oligopolistic—and this fact made them more amenable to control by the state.

[5] The major post-Liberation acts passed by the First Constituent Assembly were: the law of December 2, 1945, nationalizing the Bank of France and the four most important commercial banks in France; the law of April 8, 1946, nationalizing electricity and gas; the law of April 25, 1946, nationalizing the major insurance companies; and the law of May 17, 1946, nationalizing the coal industry.

[6] Commissariat Général du Plan de Modernisation et d'Equipement, *Rapport général sur le premier plan de modernisation et d'équipement*, Paris, 1946, p. 28.

[7] Statement by Jean Monnet. See Commissariat Général du Plan, *Rapport du commissaire général sur le plan de modernisation et d'équipement de l'Union française*, Paris, 1949, p. 29.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

During the period of the first plan (1947-52) the exact status of the planning commission in France's governmental structure was never clearly defined. This was because neither the plan nor the commission itself ever received formal approval by the parliament.[8] Consequently, the planning commission gradually evolved into an autonomous body with an unusual latitude for independent action. From the point of view of getting the job done, this had certain advantages. It meant, for one thing, that the planning operation was entrusted to the bureaucracy and thus, in effect, shook itself loose from the impasse that has characterized government by coalition in postwar France. It also made for a reasonable degree of flexibility in planning. The disadvantage of this arrangement was that planning had to be carried out on a hand-to-mouth basis simply because the National Assembly had not committed itself to a long-range program.[9] Whatever success was achieved by the first plan can be attributed largely to the skill and energy displayed by Monnet and his successor, Etienne Hirsch, in persuading reluctant French politicians to vote essential funds for the plan.

"Planning" perhaps is an inappropriate term for describing the techniques by which the commission seeks to achieve the objectives set forth in the modernization plans. It is true that this body has enjoyed an unprecedented autonomy, but it is also true that its actual power to control or direct the economy in any authoritarian sense has been—and is—quite limited. How, then, are the plans actually put into effect?

In a complex society, the instrumentalities of economic control at the disposal of even democratic governments are numerous and powerful. Prices and wages can be controlled, output can be rationed, key resources can be allocated by a system of priorities and licensing, foreign transactions can be regulated through exchange control, and, if necessary, coercion can be employed to direct the labor force into activities deemed essential. That these things are clearly within the power of a democratic state is attested to by the wartime experience of the democracies and postwar developments in the United Kingdom under the Labor government. Such direct controls can be powerfully reinforced by more traditional monetary and fiscal measures, which, when effectively employed, may be used to influence and/or direct the flow of income and expenditure.

[8] In a decree issued on January 16, 1947, the government made the planning commission (Commissariat Général du Plan) a permanent organization and charged it with implementation of the plan.

[9] This defect has been remedied with respect to the second plan. The latter received a belated approval from the National Assembly (May 26, 1955), and the Assembly, moreover, voted a three-year budgetary appropriation for about 40 per cent of the planned, government-financed investment expenditures for 1955-57.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The paradoxical fact about planning in postwar France is that the planning commission has had at its disposal very few, if any, of these instrumentalities of control to use for implementation of the plans. Direct controls, which were instituted in France with the outbreak of war in 1939, disintegrated with extreme rapidity after the Liberation. In fact, the issue of direct vs. indirect controls was settled prior to the drafting of the plan, the occasion being the resignation, in April 1945, of Mendès-France as Minister of the National Economy. Mendès-France favored the retention and strengthening of direct controls, and, as well, drastic measures to cope with the excessive liquidity bequeathed to the economy by the German occupation. In this he was vigorously opposed by the conservative Minister of Finance, René Pleven, who argued that the government should depend primarily on traditional controls over the supply of money and credit during the reconstruction period. Pleven believed production would expand more rapidly in an economic atmosphere characterized by a minimum of government interference. Hindsight indicates the formal correctness of the Mendès-France viewpoint, given the chaotic state of the economy immediately after the war, but he lost the argument and thereafter direct controls were of little significance in the management of the economy.[10]

The major instrumentality for implementation of the modernization plans has been a financial one. Through its control over investment funds, the planning commission has been able to exert a powerful influence on the direction of investment.[11] War and inflation destroyed, for all practical purposes, the private capital market; consequently, the government became the chief supplier of funds for capital formation. During the period 1947-52, public funds directly financed 45 per cent of total investment expenditure carried out in accordance with the objectives of the plan. At the same time, 32 per cent of the investment funds came from the retained profit of business firms, 15 per cent from credit extended by commercial banks and other lending institutions, and only 8 per cent from long-term security issues in the private capital market (Table 1). In the nationalized sectors, 66 per cent of investment funds were obtained from public sources.

[10] An interesting and dramatic account of the clash on economic policy between Mendès-France and Pleven can be found in Matthews, *op.cit.*, pp. 176ff.

[11] During the Monnet Plan period, public funds were channeled into the economy through a Modernization and Equipment Fund, set up in 1948, and controlled jointly by the planning commission and the Ministry of Finance. To implement the second plan the Mendès-France government created three special funds, one to aid business firms that wished to convert to modern production techniques, a second to facilitate the retraining of labor, and a third to encourage industrial decentralization.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 1

INVESTMENT EXPENDITURE: 1947-1952
(in billions of francs, 1952 prices)

Sector	Total Expenditure	Per Cent	Source of Funds: Retained Earnings	Security Issues	Public Funds[a]	Other[b]
Nationalized Industries						
Coal mines	539.1	10.8	96.8	39.3	339.0	64.0
Electricity	847.7	16.9	123.0	103.0	556.1	65.6
Gas	88.8	1.8	48.1	—	37.7	3.0
Railroads	184.8	3.7	12.0	8.0	156.8	8.0
Airlines	50.8	1.0	6.4	—	41.4	3.0
Total	1,711.2	34.2	286.3	150.3	1,131.0	143.6
Private and Mixed Enterprise						
Rhone River Power Authority	128.6	2.6	9.6	19.5	52.5	47.0
Iron and steel	341.0	6.8	105.7	24.3	116.0	95.0
Petroleum	233.4	4.7	163.0	25.0	17.7	27.7
Other industries[c]	588.0	11.8	243.1	140.3	8.5	196.1
Agriculture	918.3	18.4	405.3	10.0	277.0	226.0
Inland waterways	20.8	0.4	4.9	—	1.0	14.9
Merchant marine	6.3	0.1	—	—	6.3	—
Total	2,236.4	44.8	931.6	219.1	479.0	606.7
Overseas Territories	1,053.0	21.0	366.8	20.6	637.4	28.2
General Total	5,000.6	100.0	1,584.7	390.0	2,247.4	778.5

[a] Includes funds from the modernization and equipment fund, treasury, and the budget.

[b] Includes bank credit and loans from special organizations.

[c] Includes nonferrous metals, cement, chemicals, paper, artificial textiles, and industries producing electrical and mechanical equipment.

SOURCE: Commissariat Général du Plan de Modernisation et d'Equipement, *Rapport sur la réalisation du plan de modernisation et d'équipement de l'Union française*, Paris, 1953.

During 1953 the draft of the second plan, to cover the years 1954-57, was completed. In general, the second plan is similar to its predecessor; it postulates a number of broad objectives to be attained by 1957 and leaves the details of implementation to the planning commission. National income is to increase 25 per cent over 1952. This is expected to come about through a 20 per cent increase in agricultural production, a 25-30 per cent rise in industrial production, and a 60 per cent increase in construction activity. National output has to rise at an average annual rate of 6 per cent to attain these objectives.[12] The planned in-

[12] Commissariat Général du Plan de Modernisation et d'Equipement, *Projet de deuxième plan de modernisation et d'équipement*, Paris, 1954, pp. 26ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

crease in the national income, if realized, would raise the standard of living by 20 per cent. For France this would be a significant advance, even though per capita real income would still lag behind that of the United Kingdom, Sweden, Switzerland, and Denmark, not to mention the United States.

There are, though, some important differences between the two plans in the matter of emphasis. Whereas the Monnet Plan concentrated on the expansion of "key" resources, the second plan is more concerned with modernization and development in those industries directly affecting consumers' goods. Agriculture, the processing industries, and construction—especially residential construction—are being stressed. Of the total planned investment expenditure of 6,610 billion francs (about $18.9 billion), 57 per cent is earmarked for these sectors.[13]

A second difference concerns the matter of structural reform. Fortified by its experience in administering the Monnet Plan, the commission has strongly emphasized that the investment program must be accompanied by fundamental economic reforms. In other words, the outcome of the second plan depends largely on the successful elimination of various "rigidities" which block expansion. This will be difficult because the latter are rooted in psychological attitudes and values that tenaciously resist change. The planning commission has described these as follows:

"The attitude of ordinary individuals, of the professions, the banks, and the public authorities is to give priority to security and the maintenance of what status they have managed to achieve—a state of mind which has contributed to a kind of sclerosis of the whole nation that can only prevent any response to the need for new industrial techniques and the pressure for higher living standards. . . . Investments will have an essential role to play, but they must be accompanied by reforms that will eliminate all that is paralyzing the economic apparatus. . . .

"The first plan brought the country face to face with the alternative: modernize or decay. The second plan will have fulfilled its purpose if it leads the French nation to grasp the opportunity for a better future and put this goal ahead of clinging for protection to the mediocre status quo."[14]

And third, the second plan differs from its predecessor in that the neglected problem of regional development is receiving attention. This suggests a growing awareness on the part of the commission that there

[13] *Ibid.*, p. 161.

[14] Commissariat Général du Plan, *Rapport sur la réalisation du plan de modernisation et d'équipement de l'Union française*, Paris, 1953, p. viii; my translation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

really are "two" Frances: a rich and developed region in the northeast, in which per capita real income compares favorably with that in any of the northwestern European states; and the remaining areas, most of which have the characteristics of an underdeveloped economy.

The "two" Frances are divided by a line running roughly from Le Havre on the Atlantic coast, to the south of Paris, and terminating in the Belfort-Mulhouse area. Northern France, as defined above, comprises only 15 per cent of the land area, but contains 38 per cent of the population and 36 per cent of the labor force. It accounts for 46 per cent of total production; productivity in this region is 25 per cent greater than the average for all of France and 40 per cent higher than in the area south of this hypothetical boundary line.[15]

Regional imbalance has adversely affected the economy in two ways. First, the existence of an "underdeveloped" region embracing most of the country's land mass and nearly two-thirds of the population retards economic expansion because of the low level of real income and purchasing power in this area. This, in turn, lowers the level of per capita real income for the economy as a whole. Second, the richer sectors have been forced, in effect, to subsidize the rest of the economy. In part, this has been done through the budget—i.e., provision of basic social services such as schools, hospitals, roads, etc.—but the more common pattern has been the extension of special privileges in the form of tax exemptions, price guarantees, direct subsidies, etc., to sub-marginal producers in the underdeveloped regions. Inevitably, such privileges had to be extended to all producers, the efficient and inefficient alike. The acquisition and crystallization of these privileged positions brought ossification to the whole of the economic structure.

The draft of the second plan merely emphasized the necessity of regional development, but more recently the planning commission has acted to include regional decentralization as a major objective of the plan. How much in the way of regional development can be accomplished by 1957 remains to be seen, but, at least, some machinery has been set in motion toward this end.[16] In any event, the problem of regional imbalance is so enormous in relation to the resources that can be devoted to both modernization and regional development that a third or fourth plan will be required before any real progress will be achieved.

[15] Cf. Georges Boris, "Les problèmes du développement économique de la France et leurs origines," *Politique Etrangère*, XIX (April-May 1954), pp. 123-42.

[16] The government has approved a number of measures to encourage economic decentralization. These include the aforementioned decentralization fund, the granting of special subsidies to firms relocating or expanding in specified areas, interest rate reductions to such firms, and various tax privileges. See Commissariat Général du Plan, *Rapport annuel*, Paris, 1955, pp. 53, 367ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Economic decentralization runs counter to a trend in France that is centuries old, and it is obvious that this trend cannot be reversed overnight.

II. The Achievements of Planning

Planning in France has had as its major objectives higher living standards and attainment of an equilibrium in the nation's international accounts. How successful has the planning experiment been in attaining these objectives? This article will attempt to answer this question by an analysis of the way in which planning has affected the following aspects of French economic life: (1) the output of basic resources; (2) the total production of industrial and agricultural commodities; (3) the national income and the standard of living; and (4) the balance of international payments.

1. Production of Basic Resources

As pointed out previously, the first modernization plan was forged to break bottlenecks in the production of key resources. With respect to this objective, the plan was reasonably successful. Table 2 shows production data for the sectors classified as "basic" in the Monnet Plan. By 1952 most of the plan's targets were attained or nearly attained. Coal production reached 95.7 per cent of the planned output, electrical power 94.9 per cent, while petroleum production (refining operations) exceeded the planned target by 4.9 per cent. Cement production also exceeded its goal. Production of steel did less well, as only 87.2 per cent of the planned output level was reached. Tractor manufacture lagged badly, reaching only 63 per cent of the target for the industry. This was due, however, to the failure of demand to keep pace with the growth of capacity in the industry.

Quantitative data, to be sure, are essential for any measurement of the magnitude of economic change and progress, but they do not readily lend themselves to measurement of qualitative changes. It is important to note some of the significant qualitative changes that took place during this period. France's steel industry, technologically backward before the war, has been almost wholly re-equipped with plants as efficient and modern as any in Western Europe. Technical renovation of the coal mines has made it possible to produce more coal than at any time previously with 30 per cent fewer workers in the underground labor force. In the power (electrical) industry, generating capacity has been doubled since 1946 and more than doubled as compared with 1938 and 1929. A massive project for power production, irrigation, and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 2

PRODUCTION OF KEY RESOURCES
(selected years)

Resources	Target Set for 1952	Production During 1929	1938	1946	1950	1952	1955
Coal (millions of tons)	60.0	55.0	47.6	49.3	52.5	57.4	57.4
Electricity (billions of kwh.)	43.0	15.6	20.8	23.0	33.1	40.8	46.5
Petroleum[a] (millions of tons)	18.7	0.0	7.0	2.8	14.5	21.5	22.8
Crude Steel (millions of tons)	12.5	9.7	6.2	4.4	8.7	10.9	12.6
Cement (millions of tons)	8.5	6.2	3.6	3.4	7.2	8.6	n.a.
Tractors (thousands of units)							
Production	40.0	1.0	1.7	1.9	14.2	25.3	64.8
Inventory	200	20	30	50	135	200	334
Nitrogen Fertilizer (thousands of tons)	300	73	177	127	236	285	398

[a] Refinery production.

SOURCE: Commissariat Général du Plan de Modernisation et d'Equipement, *Rapport sur la réalisation du plan de modernisation et d'équipement de l'Union française*, Paris, 1953; *France Data Book*, 1956 Base Book, Paris, American Embassy, 1956.

navigation is underway in the Rhone river valley, which, when completed, will supply 13 billion kilowatts of electrical power and irrigate 750,000 acres of land. Since the war, refining facilities in the petroleum industry literally have been rebuilt from nothing, as the industry was almost totally destroyed during the war. Refining capacity is now 25 million tons per year, or more than three times the prewar figure. All of these changes have enlarged in an important manner the economy's capacity for the production of energy resources, which, from the standpoint of productivity, is vital because improvements in the latter require energy in abundance and at low cost.

This point concerning qualitative change is raised because French progress (in basic industry) between 1947 and 1952 in quantitative terms was not exceptionally spectacular. The data in Table 2, in other

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

words, must be interpreted against the backdrop of stagnation and war. Stagnation in the 1930's and war in the 1940's resulted in a fifteen-year gap in France's development, which, largely as a result of the first modernization plan, had been overcome by 1952. This in itself is no small accomplishment.

During the critical years from 1947 to 1952, the planning commission stubbornly adhered to its belief that investment in basic industry was the essential prerequisite to modernization of the whole economy, even though this point of view came under attack in France and abroad. Some critics of the plan argued that it imposed too great a burden on the economy's limited resources.[17] An overly ambitious capital expenditure program, it was contended, was the major cause of the postwar inflation, which, it is true, was exceptionally severe after 1948. Others criticized the plan because it was oriented toward industry rather than agriculture.[18] Advocates of the latter viewpoint reasoned that France, because of her geographical location and the fertility of her soil, should specialize in agricultural production and thus become the major supplier of primary products for her more industrialized neighbors.

By and large, these criticisms and their implied suggestion that the investment program should be reduced drastically in scope were rejected by the planning commission.[19] It was argued by the commission that inelasticity in food supply rather than investment expenditure was the chief source of inflationary pressure during the period of the first plan. It is significant to note that the price stability enjoyed by the economy for the last four and one half years coincides with a very rapid increase in the production of agricultural commodities. In 1952 agricultural production had barely regained the prewar level, whereas in 1955 farm output was nearly 20 per cent higher than the average of the 1930's. The commission also pointed out that cutbacks in investment expenditure would not necessarily have helped to expand food production; the resources employed in producing investment goods could not be easily shifted into agricultural production.

To a degree the commission took cognizance of the criticism that agriculture was being neglected—at least agriculture was elevated to the status of a "basic" industry when the plan was revised in 1948. The charge that agriculture was neglected actually has no real factual basis because the largest proportion of investment expenditure during the first planning period was allocated to the rural sector (Table 1).

[17] Cf. R. V. Rosa, "The Problem of French Recovery," *Economic Journal*, LIX (June 1949), pp. 154ff.

[18] Cf. J. F. Gravier, *Mise en valeur de la France*, Paris, 1949, pp. 179ff.

[19] Commissariat Général du Plan, *Rapport du commissaire général, op.cit.*, pp. 26ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Agriculture will receive about the same proportion of investment funds during the second planning period (1954-57). This does not mean, though, that the planning body accepted the idea that France should be content to remain a sort of agricultural "hinterland" for Western Europe's more industrialized areas. The commission, on the contrary, has remained dedicated to the view that France's economic salvation lies in more, not less, industrialization.

In summary, the planning experiment as it relates to the development of basic resources has had the following results: (1) reasonable success was had in meeting the production targets laid down in 1946; (2) investment in basic industry did stimulate industrial production and was a key factor in the rapid recovery of the latter from the depressed levels of 1946; and (3) France's present boom (with stable prices) is due in no small degree to the fact that the first plan provided the economy with adequate supplies of key resources, particularly steel and energy.

2. PRODUCTION IN INDUSTRY AND AGRICULTURE

Industrial production recovered very rapidly after the war; between 1946 and 1952 the index of industrial production rose from 84 (1938 = 100) to 144, the latter being 8.2 per cent higher than the 1929 figure. During these years the average annual rate of growth in industrial output was 9.1 per cent. Industrial production dropped off three points during the short-lived recession of 1953, but has been rising steadily ever since. During 1955 the index rose 9.1 per cent over the previous year; in June 1956, it stood at 190, a level 42 per cent higher than the 1929 figure.[20]

Production indices for the major industrial sectors are shown in Table 3. These data not only reflect the progress just described, but also show some unevenness of growth in industrial output. During the first plan, progress was most rapid in the energy-producing sector; production of energy in 1952 was 56 per cent greater than in 1938 and 64 per cent higher than in 1929. As of April 1956, energy production had risen by an additional 18 per cent. Capital goods production also increased rapidly; in 1952 output of capital goods was 17 per cent higher than in 1929 and 58 per cent above that of 1938. During 1955 the index for capital goods reached 198, a gain of 15 per cent over 1952. These

[20] French progress in industrial production may be compared with progress in the United States and in other leading industrial nations in Western Europe as follows. The figures given represent percentage increases in industrial output as of 1955 and since: (1) 1948; and (2) 1953. France, 53 and 21; Western Germany, 79 and 29; Italy, 90 and 18; United Kingdom, 33 and 13; and the United States, 36 and 5. Cf. United Nations, *Monthly Bulletin of Statistics*, September 1956.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 3

PRODUCTION IN INDUSTRY AND AGRICULTURE

(selected years)

Economic Sector	*1929*	*1948*	*1950*	*1952*	*1955*
Industry (1938=100)					
Over-all[a]	133	113	123	144	166
Over-all[b]	125	111	123	145	169
Energy resources[c]	95	112	133	156	175
Equipment goods	147	119	132	172	198
Consumer goods	105	102	110	109	133
Construction	190	123	123	137	147
Agriculture (1934-38=100)	*1929*	*1948*	*1950*	*1952*	*1954*
Over-all	n.a.	77	97	103	117
Vegetable products	n.a.	73	97	95	111
Animal products	n.a.	83	103	107	123

[a] Including construction.
[b] Excluding construction.
[c] Electricity, gas, petroleum products, and solid fuels.
SOURCE: Industry—*France Data Book*, 1956 Base Book, Paris, American Embassy, 1956. Agriculture—*Avis et Rapports du Conseil Economique, Journal Officiel*, March 26, 1956.

trends reflect the emphasis in the first plan on the expansion of heavy industry.

Less impressive has been the performance of the construction industry, which has not yet been able to regain the record output of 1929. In 1955 the construction index stood at 147 as compared with 190 in 1929. Production of consumer goods, too, has not risen nearly as rapidly as other types of industrial activity. Between 1947 and 1952 the output of manufactured consumer goods rose by only 6.8 per cent, a percentage increase which was only slightly more than the percentage increase in population in the same period.[21] The explanation for the slower rate of expansion in this sector lies in the first plan's stress on basic industry. Since 1952, however, there has been a more rapid rate of progress; the index for 1955 attained 133, a 22 per cent gain over 1952. In April 1956, it reached 150.

The industrial production indices provide a rough gauge for measuring the formal success of the plan, but, like many such aggregates,

[21] Between January 1, 1947, and January 1, 1953, France's population rose by 5.5 per cent. France's population of January 1, 1956, was 43,430,000, an increase of 3,270,000 since 1946.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

they frequently conceal deficiencies within specific sectors. In the matter of housing, for example, the record is indeed miserable. After nearly nine years of sustained planning, the French remain one of the most poorly housed peoples in Western Europe. The target set by the Monnet Plan was the construction and/or repair of 500,000 houses by 1950. An additional one million new units were to be built by 1955. Actually, only slightly more than 350,000 dwellings (new and reconstructed) had been completed by the end of 1952. During 1953 and 1954 an additional 277,000 houses were built, bringing the total since the Liberation to approximately 630,000,[22] which is far short of the anticipated goal. Residential construction has been the most obvious failure of the planning experiment. Slowly, though, the situation is improving; housing figures for 1955 show completion of 208,000 new units. It is quite possible, with general economic conditions remaining favorable, that the rate of construction reached 300,000 in 1956. Even this volume of production is inadequate, however, in view of the severity of the housing shortage and France's growing population. Residential building is still badly hampered by antiquated rent control laws and a construction industry clinging tenaciously to its craft structure and traditional techniques.[23]

The rapid postwar recovery in industrial production was not matched by an equally rapid recovery in agricultural production. By 1952 total agricultural output was merely 3 per cent higher than the average for 1934-38 (Table 3), although the Monnet Plan had called for an increase of at least 16 per cent by 1950. The bottleneck in food production was not really broken until the harvest of 1953. In 1954 farm output was 17 per cent higher than the 1934-38 average and rose by another 5 per cent during 1955.

The present situation in the agricultural sector is both paradoxical and complex. Production has risen rapidly since 1952, a development, aside from the fact of excellent weather conditions, that can be attributed to the investments poured into agriculture by the planning authorities in the 1947-52 period. Between 1949 and 1953, for example, the productivity of agricultural labor rose by 27 per cent, as contrasted with a mere 8 per cent increase in output per man-hour in industry and trade.[24] But in spite of these gains, agriculture is still one of the weakest

[22] *France Data Book*, 1956 Base Book, Paris, American Embassy, 1956, p. 11.

[23] In the building industry there are more than 200,000 small "firms," with an average labor force of three, including the employer. Cf. esp. Ministère des Finances, *Statistiques et Etudes Financières*, No. 18, 1953, p. 194.

[24] Commissariat Général du Plan, *Rapport annuel*, Paris, 1954, p. 87. The National Statistics Institute (Institut national de la statistique et des études économiques) has not published any additional data on productivity since 1953.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sectors of the economy, employing nearly one-third of the active population, but producing less than one-fifth of the national income.

In part this is because of the dual character of the agricultural economy. In the north, where the larger and more efficient farms are located, real output per man-hour is roughly twice as high as the average in the underdeveloped regions of southern France. Disparities in efficiency and income between the two regions probably have been aggravated rather than reduced as a result of the modernization plans. This is because farmers do not, under the plans, receive public funds for investment directly through governmental grants, but rather obtain loans which are channeled into agriculture through existing financial institutions. Consequently, the wealthier, and presumably more efficient, farmers find it easier to secure credit for modernization purposes. Immobility of rural labor, too, accounts for agriculture's unfavorable position in the economy. This is linked to the absence of industrialized and urban areas in central and southern France which could absorb some of the disguised rural unemployment prevalent in these regions.

All this suggests that the problem of French agriculture is much more complex than originally envisaged. The facts also show that too much manpower is immobilized on the land, although the planning commission has been reluctant to push vigorously for measures which would induce a rapid and large-scale reduction in the agricultural labor force. In the second plan, the commission is gambling on an increase in the export of foodstuffs to provide a solution to the problem of poverty in the rural regions of France. No change, for example, is planned in the absolute number of persons employed in agriculture.[25] Whether or not this is realistic remains to be seen, but, in any event, the experience of the last ten years shows clearly that it will require more than two "modernization plans" to raise productivity and per capita income for the whole of agriculture to the levels already prevailing in the technically more advanced regions of northern France.

3. THE NATIONAL PRODUCT AND THE STANDARD OF LIVING

Changes since 1949 in France's real gross national product and product per capita are shown in Table 4. These data give an indication of recent growth trends and offer some basis for comparison with the prewar situation. In the period 1949-55, the real gross national product rose at an average annual rate of 4.5 per cent; real consumption increased in the same period at an average annual rate of 4.9 per cent. Government

[25] Commissariat Général du Plan, *Projet de deuxième plan, op.cit.*, p. 186. Cf. also United Nations, *Economic Survey of Europe in 1954*, Geneva, 1955, pp. 191ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 4

GROSS NATIONAL PRODUCT AND EXPENDITURE: 1949-1955

Type of Expenditure	*1949*	*1950*	*1951*	*1952*	*1953*	*1954*	*1955*
A. Totals (billions of 1952 francs)							
1. Personal consumption	8,120	8,670	9,130	9,440	9,810	10,260	10,850
2. Government consumption[a]	1,830	1,930	2,010	2,290	2,320	2,280	2,210
3. Gross investment	2,720	2,720	2,630	2,680	2,530	2,750	3,020
a. Net investment[b]	1,340	1,310	1,190	1,210	1,040	1,240	1,480
b. Net fixed investment[c]	916	913	1,006	907	907	1,093	1,290
4. Net foreign investment	−340	−100	− 60	−270	−160	− 40	− 10
5. Gross national product	12,330	13,220	13,710	14,140	14,500	15,250	16,070
B. Aggregate Index: 1949=100							
1. Personal consumption	100.0	106.8	112.4	116.3	120.8	126.8	133.6
2. Government consumption	100.0	105.5	109.8	125.1	126.8	124.6	120.8
3. Gross investment	100.0	100.0	96.7	98.5	93.0	101.1	111.0
a. Net investment	100.0	97.8	88.8	90.3	77.6	92.5	110.4
b. Net fixed investment	100.0	99.7	109.8	99.0	99.0	119.8	140.8
4. Net foreign investment	100.0	29.4	17.6	79.4	47.1	11.8	2.9
5. Gross national product	100.0	107.2	111.2	114.7	117.6	123.7	130.3
C. Per Capita Index: 1949=100							
1. Personal consumption	100.0	105.9	110.6	113.7	117.1	122.1	128.1
2. Government consumption	100.0	104.6	108.1	122.4	122.9	120.4	115.8
3. Gross investment	100.0	99.2	95.1	96.3	90.2	97.7	106.4
a. Net investment	100.0	96.9	87.4	88.3	75.2	89.4	105.9
b. Net fixed investment	100.0	98.8	108.0	118.2	96.0	115.7	135.0
4. Net foreign investment	100.0	29.2	17.4	77.6	45.6	11.4	2.8
5. Gross national product	100.0	106.3	109.4	112.1	114.0	119.5	124.9

[a] Current expenditures for goods and services.
[b] Gross investment less capital consumption allowances.
[c] Net investment less investment in stocks.
SOURCE: Ministère des Finances, des Affaires Economiques et du Plan, *Rapport sur les comptes de la nation, 1949-1955*, Vol. I, Paris, 1955.

expenditures for goods and services rose by 3.3 per cent annually, on the average. These growth rates are reasonably good. The exception to this is investment, which, in real terms, actually declined between 1949 and 1953, primarily because of the diversion of resources to armament expenditures during the Korean and Indo-Chinese wars. In 1954 and 1955 investment outlays increased substantially, although the over-all level is still inadequate in view of the economy's needs.[26] Improvement during 1955 resulted mainly from an increase in residential construction,

[26] This, for example, is the view expressed in the most recent report of the National Accounts Commission, headed by former Premier Mendès-France. Cf. Ministère des Finances, des Affaires Economiques et du Plan, *Rapport sur les comptes de la nation, 1949-1955*, I, Paris, 1955, pp. 55ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which, while highly desirable, does not directly increase productive capacity or productivity.

The trends for the per capita data are encouraging, particularly with respect to real per capita consumption. These changes are less, of course, than those registered for the aggregate data because of a growing population. The latter development, incidentally, augurs well for the future well-being of the economy, although it also underscores the critical necessity for a higher rate of capital formation. In the near future the labor force will not expand as rapidly as non-productive elements in the population; consequently man-hour output must be improved if the standard of living is to continue to rise. This means that a high rate of net investment must be maintained.

How do present levels of aggregate and per capita real income compare with those of the prewar economy? To what extent, in other words, has there been a substantial gain in living standards during the last decade? It is difficult to provide a precise answer to these questions because of large gaps in the data for France's national income and product, but a reasonably accurate estimate can be made using data available from the reports of the planning commission and the Economic Council.

According to the planning commission, real gross national product regained the 1929 level during 1952,[27] which represented a 22 per cent increase over the output in 1938 and a 46 per cent rise in output since 1946. If these figures are approximately correct, expansion since 1952 and through 1955 raised the GNP in real terms to a level 16 per cent above 1929, 39 per cent above 1938, and 67 per cent higher than 1946. In themselves, these gains are modest, but if they are viewed in the perspective of the economic losses resulting from fifteen years of stagnation and war, they take on a more impressive character. In a recent study prepared for the Economic Council[28] Alfred Sauvy shows that France's real national income in the decade 1930-39 averaged only 87 per cent of the 1929 figure, while during the war years, 1939-45, it averaged merely 54 per cent of what it was in 1929. If France's economy had continued to expand in the period 1930-55 at the rate actually attained between 1900 and 1929, the real national income today would be at least 60 per cent higher. Thus, France has in the last decade more than bridged an enormous gap in her economic development.

Analysis of the per capita data yields some indication of postwar changes in the standard of living. Sauvy's estimates are that per capita

[27] Commissariat Général du Plan, *Rapport sur la réalisation du plan*, *op.cit.*, p. 69.
[28] *Avis et Rapports du Conseil Economique, Journal Officiel,* April 7, 1954, pp. 386ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

real national income in 1953 was just about equal to that of 1929 and approximately 23 per cent higher than in 1938. Growth taking place in 1954 and 1955 boosted per capita real income to a level about 10 per cent higher than the 1929 figure and 33 per cent above that of 1938. This is indicative of a substantial improvement in the over-all standard of living. Data on the trend of real wages support this conclusion; between 1949 and 1955 real wages in industry and trade rose by 24.2 per cent.[29]

These data, while representative of general trends, do not reveal the extent to which various income and social classes have shared in recent gains. Adequate statistical evidence on this point is not available, but the results of the general election in January 1956 do raise some interesting and provocative questions. These returns, to be sure, show that politically France is just as much divided as ever, which is hardly news to anyone, but they also suggest that disaffection is widespread and serious in two important socio-economic groups—the industrial workers and the middle and lower bourgeoisie.

In the election the Communist Party received almost the same percentage of the popular vote as in 1951.[30] The meaning of this would seem to be that wages and living standards for the industrial workers have not risen sufficiently to loosen their voting allegiance to the Communist movement, in spite of the very evident progress of the economy since 1951. A possible explanation may be sought in certain peculiarities of the economy's postwar wage structure. Following the war there was a substantial expansion in the scope and size of social insurance benefits, a development which meant that the share of indirect or "social" wages —i.e., social security transfer payments—in the worker's total wage packet was greatly enlarged.[31] This development has meant, too, less control by the worker over the disposition of his income because the share of wages and salaries, including social benefits, in the national income has changed very little since prewar.

Recent changes in the real value of the total income going to wage-earners are, perhaps, of even greater significance for an understanding

[29] *France Data Book, op.cit.*, p. 21. These changes pertain to wages for a worker with a dependent wife and two children, and include the family allowances to which such a worker is entitled.

[30] In 1956 the Communist Party polled 25.6 per cent of the popular vote as compared with 26.4 per cent in 1951.

[31] In 1938 "welfare" wages, or social security transfers, amounted to but 2.2 per cent of the total wage and salary bill, whereas by 1951 this percentage had risen to a figure of 15.9. The magnitude of this development can also be seen in the fact that social security transfers amounted to only 1.4 per cent of the national income in 1938, but had risen to 10.1 per cent of the national income by 1951. Cf. esp. Ministère des Finances, *Statistiques et Etudes Financières*, No. 18, 1953, pp. 182, 186.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of working-class disaffection. Not until 1951 did the worker's total real income (in the form of direct money wages and social wages) regain the prewar (1938) level.[32] In other words, the expansion in the scope of social insurance benefits did not—until 1951, at least—fully compensate the wage-earner for the postwar decline in the real value of his direct money wages.

Since 1951, it is true, the real value of the money wage has risen by more than 20 per cent. But one must conclude that this recent gain has not been sufficient, if the election statistics are any guide, to convince a majority of industrial workers that they have shared fully and fairly in the country's postwar economic progress. French workers are probably no different from workers elsewhere. That is, the expansion in the scope of social benefits is no doubt appreciated, but living standards are more likely to be judged on the basis of the purchasing power of "take-home" pay. The very slow postwar recovery and advance of the latter, as well as an expanding appetite among workers for durable consumer goods, are the major sources of worker discontent.

Social discontent is also widespread among the small shopkeepers, artisans, and farmers. The unexpected triumph of "Poujadism" in the election testifies to this. Paradoxically, the emergence of the disruptive Poujade movement on the unstable right wing of French politics is, in a sense, evidence of the success of the modernization plans. For Poujadism, whatever else it may be, is essentially a negative movement. It represents the protest of the small and uneconomic producer against the forces of competition, rationalization, and concentration. It has been said that France is a country with one foot in the twentieth century and the other dragging in the nineteenth. Poujadism with its grievances —both imaginary and real—is a rallying point for the groups determined to resist economic change and the adjustments entailed in such change. Until 1952 successive surges of inflation sustained the marginal producer, but the appearance of price stability and an economic environment which is gradually becoming more competitive has made his lot increasingly precarious.[33]

It is hardly likely that Poujadism will succeed in frustrating the drive for modernization in France, but it is probable that the Poujadists, in possible alliance with the Communists, will make the task of basic economic reform a more difficult one for the present National Assembly to tackle than it was for its predecessor. The attempt by the Faure gov-

[32] *Ibid.*

[33] Cf. esp. M. S. Lipsedge, "The Poujade Movement," *Contemporary Review*, Vol. 189 (February 1956), pp. 83-88; and H. Luethy, "Poujade: Hitler or Pierrot," *Commentary*, XX (April 1956), pp. 301-10.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ernment to enforce the collection of taxes from small traders and craftsmen provoked such an outburst from the folk now represented in the Poujade movement that the government beat a hasty retreat. Now, with about fifty Poujadists sitting in the Assembly, it is most unlikely that the government will push vigorously for any reforms that would seriously disturb the economic status quo of the little man.

4. THE BALANCE OF PAYMENTS

The postwar expansion in the economy brought about a substantial improvement in France's international payments position. The latter had deteriorated badly during both the 1930's and the war. When the Monnet Plan was drafted in 1946, metropolitan France's annual current account deficit was running at the rate of $1.8 billion, of which $1.29 billion were with the dollar area. For the franc area—i.e., the French Union countries—the deficit on current account was $2.09 billion, of which $1.5 billion were with the dollar area. (See Table 5.)

TABLE 5

BALANCE OF PAYMENTS ON CURRENT ACCOUNT OF THE FRANC AREA

(in millions of dollars)

ITEM	*1946*	*1948*	*1950*	*1951*	*1952*	*1953*	*1954*	*1955*
Trade								
Imports	1,980	2,510	1,958	3,266	2,643	2,949	2,724	3,064
Exports	453	1,082	1,880	2,496	2,024	2,155	2,544	3,150
Balance	—1,527	—1,428	— 78	— 770	— 619	— 339	— 180	86
Invisibles								
Receipts[a]	247	507	600	675	864	1,051	1,297	1,496
Payments	521	675	610	848	816	827	855	975
Balance	— 274	— 168	— 10	— 173	48	224	442	521
Net Balance on Current Account								
France	—1,801	—1,596	— 88	— 943	— 571	— 115	262	607
Overseas areas	— 297	— 208	— 123	— 88	— 61	— 105	— 69	— 193
Franc area	—2,098	—1,804	— 211	—1,031	— 632	— 220	193	414
Financing								
Capital operations[b]	2,098	986	— 317	550	279	— 130	— 700	— 951
U.S. aid	—	818	528	481	353	350	507	537

[a] Includes U.S. military expenditures in France.

[b] Negative figures represent an outflow of capital, i.e., repayment of debt, accumulation of reserves, etc.

SOURCE: *France Data Book*, 1956 Base Book, and Supplement No. 2 to 1956 Base Book, Paris, American Embassy, 1956.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Between 1947 and 1950 France's trade and payments balance underwent a drastic improvement; by the latter year the current account deficit for metropolitan France had been reduced to $88 million, and the deficit of the franc area to $211 million. The dollar deficit was larger—$307 million for France and $411 million for the franc area—but was decidedly improved as compared with 1946. During these years imports in physical volume declined by 3 per cent while exports rose fourfold.

This pattern of steady improvement was shattered after the outbreak of the Korean War. In 1951 France's current account deficit was once again near the billion-dollar level, while the franc area's deficit jumped to more than a billion dollars (Table 5). The dollar deficit also rose, though not as much as the over-all deficit. In general, two factors were responsible for the 1951 crisis: (1) there was a decided worsening of the terms of trade as a result of a general rise in the price of primary products in world markets; and (2) the physical volume of imports rose sharply when the post-Korean armaments program got under way. The payments crisis forced the government to suspend all trade liberalization measures and reimpose quotas on imported commodities.[34]

Since mid-1952 France's international economic position has taken a definite turn for the better. In 1955 metropolitan France had a current account surplus of $607 million, although the deficit of $193 million in the overseas territories reduced the franc area's over-all surplus to $414 million. The dollar balance also has improved; metropolitan France in 1955 had a current account surplus with the dollar area of $469 million. The dollar surplus for the franc area was $333 million. These improvements in the balance of payments resulted in sizable increases in France's holdings of gold and foreign exchange, in spite of some redemption of foreign debt. In 1954 the increase in gold and foreign exchange reserves totaled $386 million, while during 1955 the reserves rose by an additional $953 million. Total holdings thus rose to nearly two billion dollars for the first time since the war.[35]

France's present international balance sheet is impressive, especially if the situation today is compared with the poor condition of the international accounts just after the war. Nevertheless, there are some serious weaknesses in the economy's present trade and payments struc-

[34] Between 1949 and 1951 the government had removed import quotas on about 75 per cent of the commodities imported from the OEEC countries.

[35] *France Data Book*, Supplement No. 2 to 1956 Base Book, Paris, July 1956, p. 35. Total holdings decreased by $200 million during the first six months of 1956, chiefly because of a reduction of France's foreign debt, particularly with the United States and Canada.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ture. France, in other words, is not yet out of the woods internationally, and the "viability" envisaged for the international accounts by the Monnet Plan still lies somewhere in the future.

First, the present current account surplus with the dollar area is, in a sense, wholly imaginary. It exists by virtue of the fact that the current account includes receipts from expenditure by United States military forces in France. In 1955 purchases by the United States military (troop maintenance, "offshore" contracts, NATO "infra-structure," etc.) totaled $597 million, while another $478 million came from American reimbursement for military expenditure in Indo-China.[36] Without these extraordinary receipts on defense account, France's current account balance with the dollar area would have been a deficit of $128 million rather than a surplus of $469 million. Military aid will decline in the future, and, consequently, the "dollar" problem once more could assume critical proportions for the economy.

Second, the improvement in France's trade and payments balance with the European Union countries is less favorable than appears at first sight. It can be traced partly to boom conditions in Western Europe, but also results from the fact that France has moved much more slowly than other countries in liberalizing trade, as recommended by the OEEC.[37] Thus, France has enjoyed the advantages of a liberalization of trade restrictions in other countries, but has not had to cope with a rigorous competition from foreign suppliers. France's ability to maintain balance in her international accounts with a minimum of restrictive measures is still to be determined.

Third, there is the question of France's relations with the overseas territories. Not only does France hold a near-monopoly position in her colonial markets—more than one-third of France's exports in 1954 went to the overseas territories—but these areas are also important suppliers of raw materials and agricultural produce for the home economy. France's future political and economic ties with the colonial areas are, to say the least, in a state of flux, and it remains to be seen whether or not she can retain her monopoly position in these markets. Political considerations aside, the loss of any substantial part of this

[36] *Ibid.*, p. 31.

[37] OEEC, *Seventh Report*, Paris, 1956, pp. 143, 144. Since the 1951 crisis, import quotas have been eliminated on about 80 per cent of the commodities imported from the OEEC countries. A large proportion of these commodities, however, are still subject to a special "compensatory import tax" to avoid "disturbances" in certain sectors and to give time to industries concerned to implement specialization and investment measures to enable them better to face foreign competition. No formal measures have been taken to liberalize imports from the dollar area, although it is reported that import licenses are being granted more freely.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

market would probably precipitate another serious balance-of-payments crisis.[38]

Finally, the present export structure is exceptionally vulnerable to external developments, in spite of the emphasis given to industrialization during the last decade. This is because the current trade balance depends heavily upon exports of raw materials and foodstuffs; in 1954 more than one-third of French exports consisted of commodities in these classifications. The danger lies in the fact that exports of primary products are more subject to sharp fluctuations in price than are industrial manufactures. These exports, too, are especially exposed to protective measures in other countries. What this suggests, simply, is the necessity for more industrialization in France, not only for the sake of the standard of living, but also for the sake of viability in the international accounts. In a world which is attempting to develop economically, the fastest growing export demand is for manufactures, particularly the products of the engineering and electrical industries. France must look to this expanding market if these potentially dangerous weaknesses in her balance-of-payments structure are to be corrected.

III. The Long-term Prospects

In a retrospective view the French economy has come far since the grim days of 1946. Industrial and agricultural production have advanced steadily; inflation has been brought under control;[39] the trade and payments situation is greatly improved: and, most important of all, the standard of living is moving upward. Those individuals responsible for charting France's economic development during the last turbulent ten years can view their accomplishments with some pride.

France's long-term prospects, as seen by the planning commission,

[38] In an immediate sense this would be true, but it can also be argued that in the longer run it might be better for France to get out of areas like North Africa altogether. France has been engaged in colonial wars almost continuously since 1945, and the drain imposed upon the national economy by such wars more than offsets, in all probability, any economic gain to be derived from colonial areas.

[39] Price stability is seriously threatened by the continued military struggle in North Africa. On the one hand, there is the budgetary problem of financing military expenditure (for 1956 the cost of military operations in Algeria was expected to be about 300 billion francs, or approximately $850 million); and, on the other, a growing pressure of wage inflation as labor shortages develop in key industries because more and more workers are being called into military service. In the first three months of 1956 the consumer price index (Paris) rose 1.8 points and the wholesale price index 2.5 points. However, the consumer price index dropped a point between March and June 1956, and the wholesale price index declined during June after reaching a peak in April of 142.7 (1949 = 100). As of mid-1956 the economy was in a situation in which either continued price stability or another bout with inflation was possible.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

appear equally sanguine. In a recently issued report,[40] the commission estimated that by 1965 the real gross national product will have risen by 64 per cent over 1954 (the base year for these calculations); industrial production will be up by 77 per cent; agricultural output up 25 per cent; and consumption in real terms up 60 per cent. These projections are based upon the assumption that productivity will rise at an average rate of 4 per cent per year. In view of the economy's performance during the recovery years, these objectives are clearly within the range of the possible. Whether or not they will be achieved remains to be seen.

The key to the problem, in the writer's view, is how successfully the planning commission, in the decade ahead, meets the challenge of structural economic reform. In the last ten years the basic theme in France's planning experiment has been "economic modernization." If this term is interpreted to mean something broader than an expansion of physical output, then the task that planning has set for itself in France is but halfway completed. In other words, and insofar as planning has provided the dynamic element essential to an expanded production of goods and services, the postwar experiment with planning can be said to have been quite successful. But in another sense planning has not been wholly successful, because it has not yet brought about the kind of fundamental structural changes in the economy that are becoming increasingly necessary if a high rate of growth is to be maintained.

Almost everyone knows that the French economy is plagued by an array of difficult problems. The antiquated fiscal system is near the breaking point; widespread inequities exist in the distribution of income and wealth; the distributive sector is grossly overexpanded; and competition is stifled in industry and trade. These are but a few of the difficulties which, in the apparent absence of acceptable solutions, lie smoldering beneath the crust of France's current prosperity. The thesis advanced here is, essentially, that these problems, in all of their bewildering complexity, are simply manifestations of one single problem whose dimensions are much broader and more fundamental. The latter, in short, has to do with the excessively rigid character of France's economic structure. The need for structural reform is so pressing that this must of necessity become the basic theme for all planning operations in the next decade.

In this article the term "rigidity" has been deliberately chosen because it best describes certain deeply rooted characteristics of the French

[40] Commissariat Général du Plan, *Les perspectives de l'économie française en 1965*, Paris, 1956.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

economy which, increasingly, threaten the ability of that economy to expand. More specifically, "rigidity in structure" means a situation in which shifts and modifications in the use of resources in response to changes in demand, technological advances, and other dynamic variables are, at best, sluggish and, at worst, non-existent. Rigidity of this kind is clearly manifested in the unusual occupational stability of France's labor force. Since 1900 the distribution of the work force among primary, secondary, and tertiary industry has changed very little; even today the proportion of the active population engaged in agriculture is one of the highest in Western Europe. Occupational stability, it is true, might simply indicate a relatively slow rate of progress, but in France such stability means more because it has persisted in spite of long-standing and widespread income differentials as among major economic groups.

All this is simply a way of saying that the structure of relative prices fails in its function of providing guideposts for the use and allocation of the economy's resources. In an era of rapid economic expansion the pricing apparatus should, through changes in relative prices, guide resources into new uses and induce a shift of resources out of old uses. If resource owners, however, fail to respond to the changes being transmitted through the price mechanism, the process of growth will bog down. Rigidity of structure in this sense is an old story in France.

In the past—and especially in the more comfortable world of the nineteenth century—this did not matter so much. A slower rate of economic progress was not, perhaps, too great a price to pay for a stable economic and social structure. Today though, when most of the world is infected with the virus of economic progress, it does matter very much. Unless France is willing to relinquish her claims to leadership status and live quietly in some economic backwater, she can no longer afford to be a laggard in the economic race. Back in 1946 the planning commission confronted the French people with a blunt choice; modernization or decadence. The choice is the same today, except that the stakes are higher and modernization in 1956 means even more fundamental changes in the economy than it did ten years ago.

I. THE SHELTERED ECONOMY

Rigidity in France's economic structure is the consequence of a full-grown "system" of protection—internal and external—pervading all sectors of the economy. Protectionism has become so embedded in the economic life of the French community that its beneficiaries regard their privileged positions as "rights," subject neither to control nor to abridgment by the government. Vested interests, many of which wield

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

enormous political power, look upon the state essentially as an instrumentality for defense of the economic status quo. France, it has been said, is a country "dedicated to the survival of the unfit."

Protectionism in France has a dual aspect. First, the state directly shields some groups from the consequences of competition, particularly agriculturalists, artisans, and small tradesmen. Second, there exists a vast complex of private agreements which limit competition, of which the cartel is the best known. In both cases the result is the same—a direct or indirect subsidization of inefficient firms at the expense of the more productive enterprises, which tends, in turn, to solidify the structure of production.

Protective measures sponsored by the state are numerous and complex. For the domestic producer, protection from foreign competition is secured by an elaborate structure of tariffs, quotas, and special import taxes. The latter traces back to the late nineteenth century when agricultural interests, through the Méline tariff, obtained nearly complete protection from low-cost, foreign-produced foodstuffs.[41] During the 1930's, in a reckless pursuit of self-sufficiency, the protective structure was elaborated and strengthened so that practically all producers became safeguarded from external competition. The system was made complete by the policy of "assimilation," which extended the tariff structure of metropolitan France to the colonial areas and created, thereby, a sheltered market for the high-cost French producer.

Internally, too, there exists a "protective" system which, though haphazard in design, effectively insulates the inefficient firm from competitive pressure. Farmers, for example, are an exceptionally privileged group. The state guarantees their prices, purchases their surplus crops, and accords them practical exemption from income taxation.[42] In industry and commerce the tax system has tended to favor the marginal enterprise, either directly by various concessions and exemptions, or indirectly because the state depends primarily upon indirect taxes for its revenues. Taxes on production and transactions penalize capital-intensive techniques and specialization in production. In such a regime the tax burden on the firm is low only if production is low and unspecialized.[43] Consequently, an outworn structure of

[41] Cf. F. A. Haight, *A History of French Commercial Policies*, New York, 1941, esp. chap. III; and E. O. Golob, *The Méline Tariff: French Agriculture and Nationalistic Economic Policy*, New York, 1944, esp. chap. IV.

[42] Ministère des Finances, *Statistiques et Etudes Financières*, No. 18, 1953, pp. 202ff.

[43] Some tax reform has taken place within the last two years. A new tax on value added has been substituted for production and transactions taxes, and the income tax has been amended to allow deduction from taxable income of expenditures for certain types of investment. For more details, see C. S. Shoup, "Taxation in France," *National*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

production is artificially perpetuated. Over-all, the effects are worsened by tax evasion, a practice generally recognized to be widespread, particularly among small shopkeepers and artisans.

In the private sector there exists an equally complex structure of cartels, syndicates, and ententes directed toward the same end, defense of the economic status quo. Agreements—formal and informal—among producers that fix prices, set production quotas, and allocate markets are simply an accepted feature of the economic environment. Despite occasional discussion in France of the need for an antitrust law, government policy condones, when it does not actually encourage, the formation of industrial combinations.[44] This state of affairs results mainly from the fact that the French businessman has never fully accepted the idea of "free enterprise" as the concept is interpreted in the United States. As David Landes points out, "freedom of enterprise" assumes, at bottom, a competitive struggle for markets, in the course of which the economic survival of an enterprise depends upon its skill in producing more goods and better goods at less cost.[45] Such an idea is alien, if not actually repugnant, to the French businessman, who, motivated by a pre- or anti-capitalistic scale of values, prefers the more comfortable situation in which survival is assured for all producers, the efficient and inefficient alike. Security—not competition—is the driving force and pervasive economic influence in French society.

2. THE CONSEQUENCES OF PROTECTIONISM

It has been pointed out that in the past protectionism may have served a somewhat useful function in achieving for France a relatively high degree of social and economic stability. But no longer can this be said for the "system." Any present advantages that might be found in such a system are grossly outweighed by the obstacles it places in the way of a rapid rate of economic progress. It is not possible, of course, to foretell the precise consequences that continued protection of vested interests will have for the economy's future growth, but it is possible—

Tax Journal, VIII (December 1955), pp. 325-44; and Henry Laufenburger, "Technical and Political Aspects of Reform of Taxation in France," *ibid.*, VI (September 1953), pp. 273-85.

[44] On the extent of such agreements in France, see the article, "Monopoly and Competition in France," by R. Goetz-Girey in the volume, *Monopoly and Competition and Their Regulation*, ed. by E. H. Chamberlin, New York, 1954, pp. 21ff. See also the comments on the extent of cartelization in France by French businessmen in the article by John McDonald, "French Business Talks Back," *Fortune* (April 1952), pp. 120ff.

[45] David S. Landes, "French Business and the Businessman: A Social and Cultural Analysis," in *Modern France*, ed. by E. M. Earle, Princeton, N.J., 1951, p. 348.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and desirable—to draw attention to some of the ways in which the protective spirit has impeded growth in the past.

First, there is the matter of the allocation and use of resources, particularly labor. An excessive quantity of labor is immobilized in agriculture and distributive activities, sectors of the economy with a low output per man-hour. State intervention to suppress competition enables large numbers of marginal firms to exist in these sectors, even though such firms yield their owners and employees hardly more than a bare existence. A system designed to protect the very small, if not marginal, producer does not encourage the Schumpeterian innovator, whose imagination and daring are depicted in economic literature as the catalyst of economic progress. One especially unhealthy by-product of the immobility of resources which protectionism fosters is a vulnerability of the whole economy to inflation. If the pattern of resource use becomes "frozen," then any increase in expenditure anywhere in the economy evokes a price response rather than a shift of resources. Resource immobility means, in other words, that the price system fails to function effectively as a device for the allocation of resources.

Second, protectionism breeds an arbitrary structure of costs, prices, and profits. The structure is arbitrary in the sense that prices and costs do not reflect actual supply and demand forces. Incomes, in other words, do not depend so much upon economic efficiency and/or performance as upon the privileges and concessions that can be wrested from a weak government. Wage rates, profit margins, and prices tend to be politically rather than economically determined.[46] This, of course, is more or less true of most Western nations, but the process has been pushed further in France than elsewhere. As a result there has emerged what might be called a "no-price system," that is, a situation in which the market no longer functions effectively as an instrument for the organization of economic activity. The vacuum created by the breakdown of the market mechanism has not been filled, except in certain sectors, by conscious government direction; rather, special interests, with their claims for favored treatment, have poured into the gap. Consequently, the government of France really spends more of its time in negotiation with the representatives of various interest groups than it does in governing. When the pressure exercised by vested economic interests replaces the market as an organizing mechanism for economic activity, the all too likely result is, at worst, stagnation and, at best, a sluggish rate of

[46] The non-competitive character of most French prices in world markets is thoroughly documented in the so-called Nathan report, made public in 1954. Cf. Commission pour l'étude des disparités entre les prix français et étrangers, *Rapport général*, Paris, 1954, esp. pp. 7ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

growth. This is so simply because the growth process implies change and adjustment, while the usual short-term objective of any special interest is the maintenance of the status quo.

Third, the passion for stability, an inherent part of the protective spirit, has created a kind of chronic "fear of abundance" in the minds of France's business and managerial classes. The most obvious manifestation of this is a concept of the "market" as something static—that is, the market is seen as given and unchangeable. In industry and trade the natural consequence of this kind of business mentality is cartelization. It is ironic that in France, the homeland of Jean Baptiste Say, very few producers understand the element of truth in Say's famous "law of markets." Supply does not in any literal sense create demand, as Keynes demonstrated so conclusively, but supply and/or production are the ultimate source of income—and demand—in a real sense. Thus, in France as elsewhere, the growth of the market in a real sense is linked directly to the expansion of production.

In fairness, though, not all the blame for this "neo-Malthusian" attitude can be deposited on the doorstep of the French businessman. French consumers, for example, have never fully accepted the standardization of goods implicit in their mass production: the artisan tradition of fine craftsmanship flourishes vigorously in twentieth-century France. Moreover, the domestic market in a numerical sense has been, for all practical purposes, static for at least one hundred years. Demographic stagnation may retard economic growth, but this does not necessarily have to be the case. A stable population reduces the need for demographic investment—or a "widening of capital," to use Hansen's phrase —and permits, in theory at least, a larger proportion of the economy's net savings to be channeled into investments that raise productivity. Unfortunately, this has not happened in France, partly because of business caution and timidity, and partly because the *rentier* mentality of the French saver has caused him to seek "safe" investments in the obligations of foreign governments. French labor, too, has some responsibility for the emergence of attitudes inimical to progress. There is not much evidence to show that labor has any greater propensity for risk-taking than management. Even today the French worker is generally unconvinced that gains in productivity will become translated into higher real wages and incomes.

Finally, the postwar inflation, itself partially a consequence of structural rigidities in the economy, caused an undesirable growth of employment in the distributive sector. Colin Clark has stressed the phenomenon of expanding employment in tertiary industry in a de-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

veloping economy. In general, Clark has found that in advanced economies real incomes are highest in the tertiary sector; thus, the long-term shift of labor into commerce and other service industries is a healthy manifestation of growth. But this has not been true of France. In prewar France, real per capita incomes in tertiary employment were lower, on the average, than those of persons employed in either primary or secondary production. It is doubtful if this situation has changed appreciably; since 1946 employment in trade and services has increased more rapidly than production of consumer goods and services. This influx of newcomers has had the effect of lowering the productivity of persons already employed in these sectors rather than of increasing total output.[47]

Inflation-induced overcrowding of employment in trade and services has had two adverse effects insofar as the economy's growth is concerned. First, it represents a waste of labor resources which the economy can ill-afford. France's total population is growing more rapidly than the labor force, which means that this wastage of labor-power is bound to become more critical. The acute need is for manpower in those sectors of the economy undergoing the most rapid expansion, namely, the manufacturing industries. Second, the extremely fragmented structure of retail trade in France—a fact which, incidentally, accounts for the ease with which newcomers can entrench themselves in the sector in a period of inflation—constitutes a formidable obstacle to any mass production of consumer goods. In a sense, retail trade stands as a last refuge for a way of life dear to the petty bourgeoisie. Ownership of a small *boutique* and the modicum of independence that such ownership gives are the sum and substance of the aspirations of literally millions of Frenchmen. The result is an archaic and picturesque system for the distribution of goods which is most charming for the foreign visitor, even though exasperating at times. Economically, though, the consequences are disastrous. The French merchant, trying to exist on the proceeds from a handful of sales each day, frustrates any effort made elsewhere in the economy to develop mass production techniques. Such techniques simply cannot exist without mass consumption, which, in turn, demands volume selling, a rapid turnover of stock, and low profit margins on each item. Revolutionary changes in techniques for the distribution of goods are a necessary com-

[47] Between 1938 and 1952, for example, employment in commercial activities increased by 20.3 per cent. At the same time, however, national income *per* economically active person in commerce declined by 15.4 per cent. See the writer's forthcoming paper, "National Product and Structural Change in the French Economy," *American Journal of Economics and Sociology*. It is significant to note that there has been no increase in the number of commercial establishments since about 1952.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

plement to an "industrial revolution" in any society. France has had the latter, but has hardly begun to experience the former.

3. PROSPECTS FOR REFORM

How good are France's prospects for significant economic reforms? No pretense will be made to answer this question definitively, but some tentative conclusions are suggested on the basis of the record of the past decade.

It is clear in spite of numerous impressive achievements that must be credited to the planning experiment that the critical task of basic reform in the structure of the economy has barely been started. The rather loose techniques for economic planning that have evolved in France during the last decade will become increasingly ineffective unless changes along the lines suggested in this article are undertaken. Reform, of course, subsumes many things, but probably the most necessary first step is decisive action to break the stranglehold that entrenched interests have on the economic system. The state, in other words, must cease, first of all, to be an agency for stifling competition and become an instrument for its enforcement. This alone would in time boost production and improve the efficiency of resource use.

In the writer's view, the one essential condition that will make such action possible is a sustained period of economic growth. Vested interests exercise such tremendous power that there is very little chance for effective reform except within the environment of a rapidly expanding economy. Fiscal reform is a case in point. Aside from the problem of evasion, the basic weaknesses of France's fiscal system are the privileged treatment accorded some groups and the extent to which the state must depend upon indirect taxes for its revenues. Elements in the population whose productivity is excessively low manage to survive in marginal activities only because of their favored tax status. The state, in turn, faced with heavy financial commitments and a population whose average real income is low, has to resort to indirect—and regressive—taxes for most of its revenues. Neither of these shortcomings can possibly be corrected except through a sustained rise in the real income of the population.

Realism forces one to admit that the outlook for drastic economic reform is not especially promising. The Mendès-France government was abruptly tumbled when it trod too heavily on the toes of some of France's entrenched interests. Since the fall of Mendès-France and his entourage of bright young men, there has been an election and a new National Assembly. Unfortunately, the new Assembly, if anything, appears to be less capable than its predecessor of cutting the dry rot out of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the economic system. For some time to come, *immobilisme* will be the prevailing mood in French politics.

Although the possibilities for a kind of Mendès-led French "New Deal" are slim, the present situation has certain encouraging aspects. France's present prosperity is not to be denied, and while all groups are not sharing in it equitably, the longer it continues the more favorable will become the environment for fundamental reform. The third modernization plan, now being drafted, should provide the impetus necessary for continued economic expansion.

Moreover, there is some reason for optimism simply because the issues of economic reform and progress raised by Mendès-France during his brief tenure as premier were not disposed of for all time by the collapse of his government. No one, of course, expects any sudden and spectacular rearrangement of the party system in France, but it is likely that economic progress will, increasingly, become the kind of political issue that cuts across traditional party lines. This is so because France is again faced with the kind of a choice that had to be made in 1946. She must continue with the difficult and socially painful task of economic modernization or run the risk of being forever outdistanced in the economic race. There are no other meaningful alternatives.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

AN APPROACH TO THE ANALYSIS OF POLITICAL SYSTEMS*

By DAVID EASTON

I. Some Attributes of Political Systems

IN an earlier work I have argued for the need to develop general, empirically oriented theory as the most economical way in the long run to understand political life. Here I propose to indicate a point of view that, at the least, might serve as a springboard for discussion of alternative approaches and, at most, as a small step in the direction of a general political theory. I wish to stress that what I have to say is a mere orientation to the problem of theory; outside of economics and perhaps psychology, it would be presumptuous to call very much in social science "theory," in the strict sense of the term.

Furthermore, I shall offer only a Gestalt of my point of view, so that it will be possible to evaluate, in the light of the whole, those parts that I do stress. In doing this, I know I run the definite risk that the meaning and implications of this point of view may be only superficially communicated; but it is a risk I shall have to undertake since I do not know how to avoid it sensibly.

The study of politics is concerned with understanding how authoritative decisions are made and executed for a society. We can try to understand political life by viewing each of its aspects piecemeal. We can examine the operation of such institutions as political parties, interest groups, government, and voting; we can study the nature and consequences of such political practices as manipulation, propaganda, and violence; we can seek to reveal the structure within which these practices occur. By combining the results we can obtain a rough picture of what happens in any self-contained political unit.

In combining these results, however, there is already implicit the notion that each part of the larger political canvas does not stand alone but is related to each other part; or, to put it positively, that the operation of no one part can be fully understood without reference to the way in which the whole itself operates. I have suggested in my book, *The Political System*,[1] that it is valuable to adopt this implicit assump-

* In modified form, the substance of this article was presented to a meeting of the New England Political Science Association in May 1956 and to a special conference of the International Political Science Association held in Switzerland in September 1956.

[1] New York, 1953.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion as an articulate premise for research and to view political life as a system of interrelated activities. These activities derive their relatedness or systemic ties from the fact that they all more or less influence the way in which authoritative decisions are formulated and executed for a society.

Once we begin to speak of political life as a system of activity, certain consequences follow for the way in which we can undertake to analyze the working of a system. The very idea of a system suggests that we can separate political life from the rest of social activity, at least for analytical purposes, and examine it as though for the moment it were a self-contained entity surrounded by, but clearly distinguishable from, the environment or setting in which it operates. In much the same way, astronomers consider the solar system a complex of events isolated for certain purposes from the rest of the universe.

Furthermore, if we hold the system of political actions as a unit before our mind's eye, as it were, we can see that what keeps the system going are inputs of various kinds. These inputs are converted by the processes of the system into outputs and these, in turn, have consequences both for the system and for the environment in which the system exists. The formula here is very simple but, as I hope to show, also very illuminating: inputs—political system or processes—outputs. These relationships are shown diagrammatically in Figure 1. This

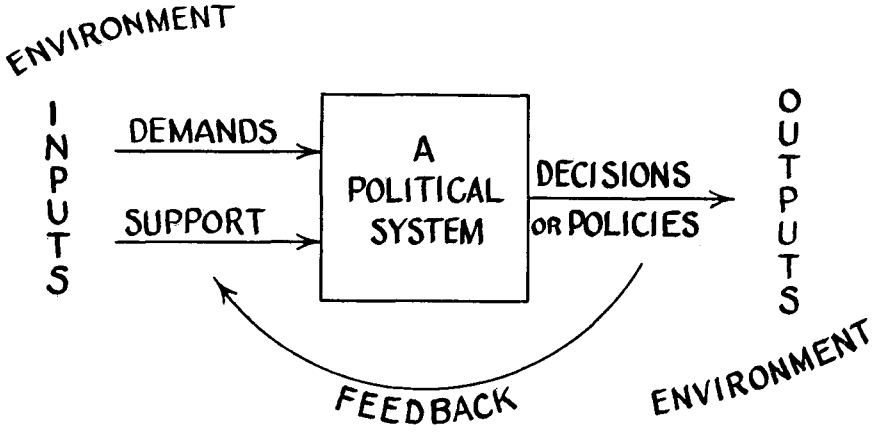

FIG. 1

diagram represents a very primitive "model"—to dignify it with a fashionable name—for approaching the study of political life.

Political systems have certain properties because they are systems.[2]

[2] My conceptions relating to system theory have been enriched through my participation in the Staff Theory Seminar of the Mental Health Research Institute at the Uni-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

To present an over-all view of the whole approach, let me identify the major attributes, say a little about each, and then treat one of these properties at somewhat greater length, even though still inadequately.

(1) Properties of identification. To distinguish a political system from other social systems, we must be able to identify it by describing its fundamental units and establishing the boundaries that demarcate it from units outside the system.

(a) Units of a political system. The units are the elements of which we say a system is composed. In the case of a political system, they are political actions. Normally it is useful to look at these as they structure themselves in political roles and political groups.

(b) Boundaries. Some of the most significant questions with regard to the operation of political systems can be answered only if we bear in mind the obvious fact that a system does not exist in a vacuum. It is always immersed in a specific setting or environment. The way in which a system works will be in part a function of its response to the total social, biological, and physical environment.

The special problem with which we are confronted is how to distinguish systematically between a political system and its setting. Does it even make sense to say that a political system has a boundary dividing it from its setting? If so, how are we to identify the line of demarcation?

Without pausing to argue the matter, I would suggest that it is useful to conceive of a political system as having a boundary in the same sense as a physical system. The boundary of a political system is defined by all those actions more or less directly related to the making of binding decisions for a society; every social action that does not partake of this characteristic will be excluded from the system and thereby will automatically be viewed as an external variable in the environment.

(2) Inputs and outputs. Presumably, if we select political systems for special study, we do so because we believe that they have characteristically important consequences for society, namely, authoritative decisions. These consequences I shall call the outputs. If we judged that political systems did not have important outputs for society, we would probably not be interested in them.

Unless a system is approaching a state of entropy—and we can assume that this is not true of most political systems—it must have continuing inputs to keep it going. Without inputs the system can do no work; without outputs we cannot identify the work done by the

---

versity of Michigan. There has been such thorough mingling of ideas in this Seminar that rather than try to trace paternity, I shall simply indicate my obligation to the collective efforts of the Seminar.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

system. The specific research tasks in this connection would be to identify the inputs and the forces that shape and change them, to trace the processes through which they are transformed into outputs, to describe the general conditions under which such processes can be maintained, and to establish the relationship between outputs and succeeding inputs of the system.

From this point of view, much light can be shed on the working of a political system if we take into account the fact that much of what happens within a system has its birth in the efforts of the members of the system to cope with the changing environment. We can appreciate this point if we consider a familiar biological system such as the human organism. It is subject to constant stress from its surroundings to which it must adapt in one way or another if it is not to be completely destroyed. In part, of course, the way in which the body works represents responses to needs that are generated by the very organization of its anatomy and functions; but in large part, in order to understand both the structure and the working of the body, we must also be very sensitive to the inputs from the environment.

In the same way, the behavior of every political system is to some degree imposed upon it by the kind of system it is, that is, by its own structure and internal needs. But its behavior also reflects the strains occasioned by the specific setting within which the system operates. It may be argued that most of the significant changes within a political system have their origin in shifts among the external variables. Since I shall be devoting the bulk of this article to examining some of the problems related to the exchange between political systems and their environments, I shall move on to a rapid description of other properties of political systems.

(3) Differentiation within a system. As we shall see in a moment, from the environment come both energy to activate a system and information with regard to which the system uses this energy. In this way a system is able to do work. It has some sort of output that is different from the input that enters from the environment. We can take it as a useful hypothesis that if a political system is to perform some work for anything but a limited interval of time, a minimal amount of differentiation in its structure must occur. In fact, empirically it is impossible to find a significant political system in which the same units all perform the same activities at the same time. The members of a system engage in at least some minimal division of labor that provides a structure within which action takes place.

(4) Integration of a system. This fact of differentiation opens up a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

major area of inquiry with regard to political systems. Structural differentiation sets in motion forces that are potentially disintegrative in their results for the system. If two or more units are performing different kinds of activity at the same time, how are these activities to be brought into the minimal degree of articulation necessary if the members of the system are not to end up in utter disorganization with regard to the production of the outputs of interest to us? We can hypothesize that if a structured system is to maintain itself, it must provide mechanisms whereby its members are integrated or induced to cooperate in some minimal degree so that they can make authoritative decisions.

II. Inputs: Demands

Now that I have mentioned some major attributes of political systems that I suggest require special attention if we are to develop a generalized approach, I want to consider in greater detail the way in which an examination of inputs and outputs will shed some light on the working of these systems.

Among inputs of a political system there are two basic kinds: demands and support. These inputs give a political system its dynamic character. They furnish it both with the raw material or information that the system is called upon to process and with the energy to keep it going.

The reason why a political system emerges in a society at all—that is, why men engage in political activity—is that demands are being made by persons or groups in the society that cannot all be fully satisfied. In all societies one fact dominates political life: scarcity prevails with regard to most of the valued things. Some of the claims for these relatively scarce things never find their way into the political system but are satisfied through the private negotiations of or settlements by the persons involved. Demands for prestige may find satisfaction through the status relations of society; claims for wealth are met in part through the economic system; aspirations for power find expression in educational, fraternal, labor, and similar private organizations. Only where wants require some special organized effort on the part of society to settle them authoritatively may we say that they have become inputs of the political system.

Systematic research would require us to address ourselves to several key questions with regard to these demands.

(1) How do demands arise and assume their particular character in a society? In answer to this question, we can point out that demands have their birth in two sectors of experience: either in the environment

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of a system or within the system itself. We shall call these the external and internal demands, respectively.

Let us look at the external demands first. I find it useful to see the environment not as an undifferentiated mass of events but rather as systems clearly distinguishable from one another and from the political system. In the environment we have such systems as the ecology, economy, culture, personality, social structure, and demography. Each of these constitutes a major set of variables in the setting that helps to shape the kind of demands entering a political system. For purposes of illustrating what I mean, I shall say a few words about culture.

The members of every society act within the framework of an on-going culture that shapes their general goals, specific objectives, and the procedures that the members feel ought to be used. Every culture derives part of its unique quality from the fact that it emphasizes one or more special aspects of behavior and this strategic emphasis serves to differentiate it from other cultures with respect to the demands that it generates. As far as the mass of the people is concerned, some cultures, such as our own, are weighted heavily on the side of economic wants, success, privacy, leisure activity, and rational efficiency. Others, such as that of the Fox Indians, strive toward the maintenance of harmony, even if in the process the goals of efficiency and rationality may be sacrificed. Still others, such as the Kachins of highland Burma, stress the pursuit of power and prestige. The culture embodies the standards of value in a society and thereby marks out areas of potential conflict, if the valued things are in short supply relative to demand. The typical demands that will find their way into the political process will concern the matters in conflict that are labeled important by the culture. For this reason we cannot hope to understand the nature of the demands presenting themselves for political settlement unless we are ready to explore systematically and intensively their connection with the culture. And what I have said about culture applies, with suitable modifications, to other parts of the setting of a political system.

But not all demands originate or have their major locus in the environment. Important types stem from situations occurring within a political system itself. Typically, in every on-going system, demands may emerge for alterations in the political relationships of the members themselves, as the result of dissatisfaction stemming from these relationships. For example, in a political system based upon representation, in which equal representation is an important political norm, demands may arise for equalizing representation between urban and rural voting districts. Similarly, demands for changes in the process

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of recruitment of formal political leaders, for modifications of the way in which constitutions are amended, and the like may all be internally inspired demands.

I find it useful and necessary to distinguish these from external demands because they are, strictly speaking, not inputs of the system but something that we can call "withinputs," if we can tolerate a cumbersome neologism, and because their consequences for the character of a political system are more direct than in the case of external demands. Furthermore, if we were not aware of this difference in classes of demands, we might search in vain for an explanation of the emergence of a given set of internal demands if we turned only to the environment.

(2) How are demands transformed into issues? What determines whether a demand becomes a matter for serious political discussion or remains something to be resolved privately among the members of society? The occurrence of a demand, whether internal or external, does not thereby automatically convert it into a political *issue*. Many demands die at birth or linger on with the support of an insignificant fraction of the society and are never raised to the level of possible political decision. Others become issues, an issue being a demand that the members of a political system are prepared to deal with as a significant item for discussion through the recognized channels in the system.

The distinction between demands and issues raises a number of questions about which we need data if we are to understand the processes through which claims typically become transformed into issues. For example, we would need to know something about the relationship between a demand and the location of its initiators or supporters in the power structures of the society, the importance of secrecy as compared with publicity in presenting demands, the matter of timing of demands, the possession of political skills or know-how, access to channels of communication, the attitudes and states of mind of possible publics, and the images held by the initiators of demands with regard to the way in which things get done in the particular political system. Answers to matters such as these would possibly yield a conversion index reflecting the probability of a set of demands being converted into live political issues.

If we assume that political science is primarily concerned with the way in which authoritative decisions are made for a society, demands require special attention as a major type of input of political systems. I have suggested that demands influence the behavior of a system in a number of ways. They constitute a significant part of the material upon

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which the system operates. They are also one of the sources of change in political systems, since as the environment fluctuates it generates new types of demand-inputs for the system. Accordingly, without this attention to the origin and determinants of demands we would be at a loss to be able to treat rigorously not only the operation of a system at a moment of time but also its change over a specified interval. Both the statics and historical dynamics of a political system depend upon a detailed understanding of demands, particularly of the impact of the setting on them.

III. Inputs: Support

Inputs of demands alone are not enough to keep a political system operating. They are only the raw material out of which finished products called decisions are manufactured. Energy in the form of actions or orientations promoting and resisting a political system, the demands arising in it, and the decisions issuing from it must also be put into the system to keep it running. This input I shall call support.[3] Without support, demands could not be satisfied or conflicts in goals composed. If demands are to be acted upon, the members of a system undertaking to pilot the demands through to their transformation into binding decisions and those who seek to influence the relevant processes in any way must be able to count on support from others in the system. Just how much support, from how many and which members of a political system, are separate and important questions that I shall touch on shortly.

What do we mean by support? We can say that A supports B either when A acts on behalf of or when he orients himself favorably toward B's goals, interests, and actions. Supportive behavior may thus be of two kinds. It may consist of actions promoting the goals, interests, and actions of another person. We may vote for a political candidate, or defend a decision by the highest court of the land. In these cases, support manifests itself through overt action.

On the other hand, supportive behavior may involve not external observable acts, but those internal forms of behavior we call orientations or states of mind. As I use the phrase, a supportive state of mind is a deep-seated set of attitudes or predispositions, or a readiness to act on behalf of some other person. It exists when we say that a man is loyal

[3] The concept support has been used by Talcott Parsons in an unpublished paper entitled "Reflections on the Two-Party System." I am pleased to note that in this article Professor Parsons also seems to be moving in the direction of input-output analysis of political problems, although the extent to which he uses other aspects of system theory is not clear to me.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to his party, attached to democracy, or infused with patriotism. What such phrases as these have in common is the fact that they refer to a state of feelings on the part of a person. No overt action is involved at this level of description, although the implication is that the individual will pursue a course of action consistent with his attitudes. Where the anticipated action does not flow from our perception of the state of mind, we assume that we have not penetrated deeply enough into the true feelings of the person but have merely skimmed off his surface attitudes.

Supportive states of mind are vital inputs for the operation and maintenance of a political system. For example, it is often said that the struggle in the international sphere concerns mastery over men's minds. To a certain extent this is true. If the members of a political system are deeply attached to a system or its ideals, the likelihood of their participating in either domestic or foreign politics in such a way as to undermine the system is reduced by a large factor. Presumably, even in the face of considerable provocation, ingrained supportive feelings of loyalty may be expected to prevail.

We shall need to identify the typical mechanisms through which supportive attitudes are inculcated and continuously reinforced within a political system. But our prior task is to specify and examine the political objects in relation to which support is extended.

(1) THE DOMAIN OF SUPPORT

Support is fed into the political system in relation to three objects: the community, the regime, and the government. There must be convergence of attitude and opinion as well as some willingness to act with regard to each of these objects. Let us examine each in turn.

(a) The political community. No political system can continue to operate unless its members are willing to support the existence of a group that seeks to settle differences or promote decisions through peaceful action in common. The point is so obvious—being dealt with usually under the heading of the growth of national unity—that it may well be overlooked; and yet it is a premise upon which the continuation of any political system depends. To refer to this phenomenon we can speak of the political community. At this level of support we are not concerned with whether a government exists or whether there is loyalty to a constitutional order. For the moment we only ask whether the members of the group that we are examining are sufficiently oriented toward each other to want to contribute their collective energies toward pacific settlement of their varying demands.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The American Civil War is a concrete illustration of the cessation of input of support for the political community. The war itself was definitive evidence that the members of the American political system could no longer contribute to the existence of a state of affairs in which peaceful solution of conflicting demands was the rule. Matters had come to the point where it was no longer a question of whether the South would support one or another alternative government, or whether it could envision its demands being satisfied through the normal constitutional procedures. The issue turned on whether there was sufficient mutual identification among the members of the system for them to be able to work together as a political community. Thus in any political system, to the extent that there is an in-group or we-group feeling and to the extent that the members of the system identify one another as part of this unit and exclude others according to some commonly accepted criteria, such as territoriality, kinship, or citizenship, we shall say that they are putting in support for the political community.

(b) The regime. Support for a second major part of a political system helps to supply the energy to keep the system running. This aspect of the system I shall call the regime. It consists of all those arrangements that regulate the way in which the demands put into the system are settled and the way in which decisions are put into effect. They are the so-called rules of the game, in the light of which actions by members of the system are legitimated and accepted by the bulk of the members as authoritative. Unless there is a minimum convergence of attitudes in support of these fundamental rules—the constitutional principles, as we call them in Western society—there would be insufficient harmony in the actions of the members of a system to meet the problems generated by their support of a political community. The fact of trying to settle demands in common means that there must be known principles governing the way in which resolutions of differences of claims are to take place.

(c) The government. If a political system is going to be able to handle the conflicting demands put into it, not only must the members of the system be prepared to support the settlement of these conflicts in common and possess some consensus with regard to the rules governing the mode of settlement; they must also be ready to support a government as it undertakes the concrete tasks involved in negotiating such settlements. When we come to the outputs of a system, we shall see the rewards that are available to a government for mobilizing support. At this point, I just wish to draw attention to this need on the part of a government for support if it is going to be able to make decisions with

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

regard to demands. Of course, a government may elicit support in many ways: through persuasion, consent, or manipulation. It may also impose unsupported settlements of demands through threats of force. But it is a familiar axiom of political science that a government based upon force alone is not long for this world; it must buttress its position by inducing a favorable state of mind in its subjects through fair or foul means.

The fact that support directed to a political system can be broken down conceptually into three elements—support for the community, regime, and government—does not mean, of course, that in the concrete case support for each of these three objects is independent. In fact we might and normally do find all three kinds of support very closely intertwined, so that the presence of one is a function of the presence of one or both of the other types.

For example, withdrawal of support from the government of Louis XVI in effect also meant that members of the French monarchical system were challenging at least the regime; as it turned out in the ensuing revolution and civil war, there was even doubt whether the members of the system would continue to support a unified political community. In this case, what was initially opposition to the ruling sovereign—that is, to the government—quickly turned out to signify a lack of sufficient support for the regime and ultimately, to some extent, for the political community. But this is not always so and fortunately, from the point of view of social order, it is not typically the case. We are accustomed to calling for a change of government without thereby suggesting dissatisfaction with the regime or community. And at times, although this is less frequently true, the community shows sufficient intention to continue as a cooperating group to be able to accept a challenge to the regime. From 1832 to the 1880's England underwent a serious modification in its regime, introducing the basic elements of a system of popular democracy, without serious diminution of input of support at the community level. It is always a matter for empirical enquiry to discover the degree to which support at any one level is dependent upon support at the others.

This very brief discussion of support points up one major fact. If a system is to absorb a variety of demands and negotiate some sort of settlement among them, it is not enough for the members of the system to support only their own demands and the particular government that will undertake to promote these demands. For the demands to be processed into outputs it is equally essential that the members of the system

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

stand ready to support the existence of a political community and some stable rules of common action that we call the regime.

(2) QUANTITY AND SCOPE OF SUPPORT

How much support needs to be put into a system and how many of its members need to contribute such support if the system is to be able to do the job of converting demands to decisions? No ready answer can be offered. The actual situation in each case would determine the amount and scope required. We can, however, visualize a number of situations that will be helpful in directing our attention to possible generalizations.

Under certain circumstances very few members need to support a system at any level. The members might be dull and apathetic, indifferent to the general operations of the system, its progress or decisions. In a loosely connected system such as India has had, this might well be the state of mind of by far the largest segment of the membership. Either in fact they have not been affected by national decisions or they have not perceived that they were so affected. They may have little sense of identification with the present regime and government and yet, with regard to the input of demands, the system may be able to act on the basis of the support offered by the known 3 per cent of the Western-oriented politicians and intellectuals who are politically active. In other words, we can have a small minority putting in quantitatively sufficient supportive energy to keep the system going. However, we can venture the hypothesis that where members of a system are putting in numerous demands, there is a strong probability that they will actively offer support or hostility at one of the three levels of the system, depending upon the degree to which these demands are being met through appropriate decisions.

Alternatively, we may find that all the members of a system are putting in support, but the amount may be so low as to place one or all aspects of the system in jeopardy. Modern France is perhaps a classic illustration. The input of support at the level of the political community is probably adequate for the maintenance of France as a national political unit. But for a variety of historical and contemporary reasons, there is considerable doubt as to whether the members of the French political system are putting in anything but a low order of support to the regime or any particular government. This low amount of support, even though spread over a relatively large segment of the population, leaves the French political system on somewhat less secure foundations than is the case with India. There support is less widespread but more

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

active—that is, quantitatively greater—on the part of a minority. As this illustration indicates, the amount of support is not necessarily proportional to its scope.

It may seem from the above discussion as though the members of a political system either put in support or withhold it—that is, demonstrate hostility or apathy. In fact, members may and normally do simultaneously engage in supportive and hostile behavior. What we must be interested in is the net balance of support.

IV. Mechanisms of Support

To this point I have suggested that no political system can yield the important outputs we call authoritative decisions unless, in addition to demands, support finds its way into the system. I have discussed the possible object to which support may be directed, and some problems with regard to the domain, quantity, and scope of support. We are now ready to turn to the main question raised by our attention to support as a crucial input: how do systems typically manage to maintain a steady flow of support? Without it a system will not absorb sufficient energy from its members to be able to convert demands to decisions.

In theory, there might be an infinite variety of means through which members could be induced to support a system; in practice, certain well-established classes of mechanisms are used. Research in this area needs to be directed to exploring the precise way in which a particular system utilizes these mechanisms and to refining our understanding of the way in which they contribute to the making of authoritative policy.

A society generates support for a political system in two ways: through outputs that meet the demands of the members of society; and through the processes of politicization. Let us look at outputs first.

(1) Outputs as a mechanism of support

An output of a political system, it will be recalled, is a political decision or policy. One of the major ways of strengthening the ties of the members to their system is through providing decisions that tend to satisfy the day-to-day demands of these members. Fundamentally this is the truth that lies in the aphorism that one can fool some of the people some of the time but not all of them all of the time. Without some minimal satisfaction of demands, the ardor of all but the most fanatical patriot is sure to cool. The outputs, consisting of political decisions, constitute a body of specific inducements for the members of a system to support that system.

Inducements of this kind may be positive or negative. Where nega-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tive, they threaten the members of the system with various kinds of sanctions ranging from a small monetary fine to physical detention, ostracism, or loss of life, as in our own system with regard to the case of legally defined treason. In every system support stems in part from fear of sanctions or compulsion; in autocratic systems the proportion of coerced support is at a maximum. For want of space I shall confine myself to those cases where positive incentives loom largest.

Since the specific outputs of a system are policy decisions, it is upon the government that the final responsibility falls for matching or balancing outputs of decisions against input of demand. But it is clear that to obtain the support of the members of a system through positive incentives, a government need not meet all the demands of even its most influential and ardent supporters. Most governments, or groups such as political parties that seek to control governments, succeed in building up a reserve of support. This reserve will carry the government along even though it offends its followers, so long as over the extended short run these followers perceive the particular government as one that is in general favorable to their interests. One form that this reserve support takes in Western society is that of party loyalty, since the party is the typical instrument in a mass industrialized society for mobilizing and maintaining support for a government. However, continuous lack of specific rewards through policy decisions ultimately leads to the danger that even the deepest party loyalty may be shaken.

For example, labor has continued to support the Democratic Party even though much of the legislation promoted by members of that party has not served to meet labor's demands. In some measure, large sections of labor may continue to vote and campaign vigorously on behalf of the Democratic Party because they have no realistic alternative other than to support this party; but in addition the Democrats have built up in recent years, especially during the Roosevelt era, a considerable body of good will. It would take repeated neglect of labor's demands on the part of the Democratic Party to undermine the strong urban working-class support directed toward it and the government that the party dominates from time to time.

Thus a system need not meet *all the demands* of its members so long as it has stored up a reserve of support over the years. Nor need it satisfy even *some of the demands* of all its members. Just whose demands a system must seek to meet, how much of their demands, at what time, and under what conditions are questions for special research. We can say in advance that at least the demands of the most influential members require satisfaction. But this tells us little unless we know

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

how to discover the influentials in a political system and how new sets of members rise to positions of influence.[4]

The critical significance of the decisions of governments for the support of the other two aspects of a system—namely, the political community and the regime—is clear from what I have said above. Not all withdrawal of support from a government has consequences for the success or failure of a regime or community. But persistent inability of a government to produce satisfactory outputs for the members of a system may well lead to demands for changing of the regime or for dissolution of the political community. It is for this reason that the input-output balance is a vital mechanism in the life of a political system.

(2) POLITICIZATION AS A MECHANISM OF SUPPORT

It would be wrong to consider that the level of support available to a system is a function exclusively of the outputs in the form of either sanctions or rewards. If we did so conclude, we could scarcely account for the maintenance of numerous political systems in which satisfaction of demands has been manifestly low, in which public coercion is limited, and yet which have endured for epochs. Alternately, it might be difficult to explain how political systems could endure and yet manage to flout or thwart urgent demands, failing thereby to render sufficient *quid pro quo* for the input of support. The fact is that whatever reserve of support has been accumulated through past decisions is increased and reinforced by a complicated method for steadily manufacturing support through what I shall call the process of politicization. It is an awkward term, but nevertheless an appropriately descriptive one.

As each person grows up in a society, through a network of rewards and punishments the other members of society communicate to and instill in him the various institutionalized goals and norms of that society. This is well known in social research as the process of socialization. Through its operation a person learns to play his various social roles. Part of these goals and norms relate to what the society considers desirable in political life. The ways in which these political patterns are learned by the members of society constitute what I call the process of politicization. Through it a person learns to play his political roles, which include the absorption of the proper political attitudes.

Let us examine a little more closely something of what happens during the process of politicization. As members of a society mature, they must absorb the various orientations toward political matters that one

[4] See C. W. Mills, *The Power Elite*, New York, 1956.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

is expected to have in that society. If the expectations of the members of society with regard to the way each should behave in specific political situations diverged beyond a certain range, it would be impossible to get common action with regard to the making of binding decisions. It is essential for the viability of an orderly political system that the members of the system have some common basic expectations with regard to the standards that are to be used in making political evaluations, to the way people will feel about various political matters, and to the way members of the system will perceive and interpret political phenomena.

The mechanism through which this learning takes place is of considerable significance in understanding how a political system generates and accumulates a strong reserve of support. Although we cannot pursue the details, we can mention a few of the relevant dimensions. In the first place, of course, the learning or politicization process does not stop at any particular period for the individual; it starts with the child and, in the light of our knowledge of learning, may have its deepest impact through the teen age. The study of the political experiences of and the influences operating on the child and the adolescent emerges as an important and neglected area of research.[5]

In the second place, the actual process of politicization at its most general level brings into operation a complex network of rewards and punishments. For adopting the correct political attitudes and performing the right political acts, for conforming to the generally accepted interpretations of political goals, and for undertaking the institutionalized obligations of a member of the given system, we are variously rewarded or punished. For conforming we are made to feel worthy, wanted, and respected and often obtain material advantages such as wealth, influence, improved opportunities. For deviating beyond the permissible range, we are made to feel unworthy, rejected, dishonored, and often suffer material losses.

This does not mean that the pattern of rewards and punishments is by any means always effective; if it were, we would never have changed from the Stone Age. A measure of non-conformity may at certain stages in the life history of a political system itself become a respected norm.

[5] I am happy to say that, since I wrote this statement, the neglect has begun to be remedied. My colleagues at the University of Chicago, Robert Hess of the Committee of Human Development and Peter Rossi of the Department of Sociology, and I have undertaken a questionnaire-interview study of the development of the political attitudes, opinions, and images held by children and adolescents. This research is an attempt to develop some useful generalizations about major aspects of the processes of politicization in the American political system and to formulate a design that, for comparative purposes, could be applied in other political systems as well.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Even where this is not the case, the most seductive rewards and the severest punishments will never succeed in preventing some of the members of a system from pursuing what they consider to be their inextinguishable interests and from seeking, with varying degrees of success, to change the goals and norms of the system. This is one of the important sources of political change closely associated with changes in the inputs of demands that are due to a changing environment. But we cannot pursue this crucial matter of the nature of political change, as it would lead us off in a new direction.

In the third place, the means used for communicating the goals and norms to others tend to be repetitive in all societies. The various political myths, doctrines, and philosophies transmit to each generation a particular interpretation of the goals and norms. The decisive links in this chain of transmission are parents, siblings, peers, teachers, organizations, and social leaders, as well as physical symbols such as flags or totems, ceremonies, and rituals freighted with political meaning.

These processes through which attachments to a political system become built into the maturing member of a society I have lumped together under the rubric of politicization. They illustrate the way in which members of a system learn what is expected of them in political life and how they ought to do what is expected of them. In this way they acquire knowledge about their political roles and a desire to perform them. In stable systems the support that accrues through these means adds to the reservoir of support being accumulated on a day-to-day basis through the outputs of decisions.[6] The support obtained through politicization tends to be relatively—although, as we have seen, not wholly—independent of the vagaries of day-to-day outputs.

When the basic political attachments become deeply rooted or institutionalized, we say that the system has become accepted as legitimate. Politicization therefore effectively sums up the way in which legitimacy is created and transmitted in a political system. And it is an empirical observation that in those instances where political systems have survived the longest, support has been nourished by an ingrained belief in the legitimacy of the relevant governments and regimes.

What I am suggesting here is that support resting on a sense of the legitimacy of a government and regime provides a necessary reserve if the system is to weather those frequent storms when the more obvious outputs of the system seem to impose greater hardships than rewards. Answers to questions concerning the formation, maintenance, transmis-

[6] In primitive systems, politicization, not outputs of decisions, is normally the chief mechanism.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sion, and change of standards of legitimacy will contribute generously to an understanding of the way in which support is sufficiently institutionalized so that a system may regularly and without excessive expenditure of effort transform inputs of demand into outputs of decisions.

That there is a need for general theory in the study of political life is apparent. The only question is how best to proceed. There is no one royal road that can be said to be either the correct one or the best. It is only a matter of what appears at the given level of available knowledge to be the most useful. At this stage it appears that system theory, with its sensitivity to the input-output exchange between a system and its setting offers a fruitful approach. It is an economical way of organizing presently disconnected political data and promises interesting dividends.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Review Articles

MARXISM, LENINISM, AND SOVIET COMMUNISM

By C. E. BLACK

Leopold H. Haimson, *The Russian Marxists and the Origins of Bolshevism* Cambridge, Mass., Harvard University Press, 1955, 246 pp. $5.50.
Donald W. Treadgold, *Lenin and His Rivals: The Struggle for Russia's Future, 1898-1906,* New York, Frederick A. Praeger, 1955, 291 pp. $5.00.
Leonard Schapiro, *The Origin of the Communist Autocracy: Political Opposition in the Soviet State—First Phase, 1917–1922,* Cambridge, Mass., Harvard University Press, 1955, 397 pp. $7.00.
Georg von Rauch, *A History of Soviet Russia,* trans. by Peter and Annette Jacobsohn, New York, Frederick A. Praeger, 1957, 493 pp. $6.75.
Henri Chambre, *Le Marxisme en Union Soviétique. Idéologie et Institutions: Leur Évolution de 1917 à nos Jours, Paris, Éditions du Seuil,* 1955, 510 pp. 1200 fr.
Raymond A. Bauer, Alex Inkeles, and Clyde Kluckhohn, *How the Soviet System Works: Cultural, Psychological, and Social Themes,* Cambridge, Mass., Harvard University Press, 1956, 274 pp. $4.75.
Alf Edeen, *Rysslands Nya Medelklass* (Skrifter utgivna av Utrikespolitiska Institutet, No. 8), Stockholm, Kooperativa Förbundets Bokförlag, 1954, 104 pp. Kr. 5.50.

OF the many categories of questions that can legitimately be asked with regard to the Soviet regime, one of the most pertinent concerns its relationship to Marxism. As regards the initial impact of Marxism: What were the extent and nature of its influence on the Russian socialists? Why did Marxism find such fertile soil in Russia? In what way did Russian Marxism in its various forms differ from the earlier European understanding of Marx? As regards the November revolution: In what sense was it a Marxist revolution? How can the methods of Lenin after 1917 be reconciled with the theories which he advocated in the years preceding the revolution? Why were so many Russian Marxists liquidated or driven into exile as soon as the revolution was accomplished? And finally, as regards the period since 1917: To what extent has Soviet policy remained faithful to the doctrines of Marx? What is the significance of the ideological controversies which played such a large role in the last years of Stalin's life? What, in fact, is Soviet Communism?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

These questions cannot, of course, be discussed in any detail in this brief essay; nor was it the purpose of the books under review to answer them in this particular form. Nevertheless, as studies representative of the best in current scholarship in this field, it is not unfair to scrutinize them with these questions in mind.

I

The interplay of Marxism and the Russian radical tradition is one of the central themes of the study by Professor Haimson, of the University of Chicago. In tracing the developing thought of Plekhanov, Akselrod, Martov, and Lenin in the years up to 1905, he places great emphasis on the intellectual tradition in which they were bred. The massive immobility of Russian society at the beginning of the nineteenth century, the initial search for a solution to Russian problems in Western thought, the new realism reflected in Chernyshevsky's *What Is to Be Done?*, the diverse programs of action of the Populists, of the Land and Freedom movement, and of Tkachev, among the various revolutionary doctrines—all these and many other organizations and trends of thought were a part of the intellectual heritage of the Russian Social Democrats.

Haimson points out that in their search for a program of action that would bring Russia to their as yet vaguely defined goal of socialism, the radicals were constantly wrestling with two basic approaches to the problem of social change. One of these was "consciousness" (*soznatelnost*), a rational and logical political program that would provide the socialists with a clear identity at a time when they were in large measure out of touch with Russian realities; and the other was "spontaneity" (*stikhiinost*), a more emotional, elemental, and explosive approach which would carry them to victory on a wave of emerging social forces. Haimson finds that much of the discussion among the socialists was concerned with the validity and relationship of these two approaches, and that the initial attraction of Marxism was that it provided a synthesis which resolved these issues. It offered a philosophy of history as well as a program of action.

In the 1880's and early 1890's the possibility of a revolution still seemed a long way off, and Marx's generalizations were broad enough to embrace a wide range of socialist viewpoints. By the turn of the century, however, it was becoming clear that the Russian autocracy was finally evolving into a modern state. The time was approaching when the "spontaneous" forces, as the Marxists saw them—the new

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

middle class and the workers—would be able to take part in political activity in a "conscious," responsible, and legal fashion. It was this turning point in Russian affairs, according to Haimson, that accounted for the split of the Russian Marxists into Mensheviks and Bolsheviks. The Mensheviks, a minority in the Second Congress in 1903 but soon to become a majority, perceived that things were changing in Russia; the society around them was beginning to catch up with their Westernized conception of what Russia should be like, and they prepared to play the role of the European socialist parties with which they were familiar. In the end only a minority led by Lenin preferred, in Haimson's words, "not to redress the distortions of Russia's historical development, not to clear the way for the growth of Russia's spontaneous elements to consciousness and freedom, but rather to exploit the distortions in Russia's history and to subject its spontaneous forces to an indefinite tutelage" (p. 217).

The value of Haimson's interpretation is that it is based on a close reading of the literature, and leads the reader into the inner world of Russian socialist thought of this period. He tells us in their own words what the socialists said, and he draws a convincing picture of their outlook. Haimson seems to imply that the Social Democrats were Russian radicals first and Marxists second. For both branches of the party, Marxism provided a system, a frame of reference, an international language. Increasingly after the turn of the century, however, Marxism provided the Mensheviks with an avenue for reconciliation with Russian society, whereas the Bolsheviks remained intransigent and loyal to the Russian revolutionary tradition. Since Haimson is writing from the inside, these conclusions remain implicit, for these issues did not arise in this form. Indeed, the great virtue and at the same time the tantalizing challenge of Haimson's approach are that it employs almost exclusively the language of the socialists themselves: what they said is clear, but what they meant is frequently vague.

By contrast, Professor Treadgold, of the University of Washington, writes from the outside and deals with the more limited period of 1898-1906. His interpretation embraces not only the Social Democrats but also the Socialist Revolutionaries and the Constitutional Democrats (Kadets). While his treatment is less penetrating than Haimson's, it has the advantage—although even for the non-specialist this is of course a qualified advantage—of translating the political terminology of the time into a language much more understandable today. He develops a balanced and systematic picture of these parties after his rather arbitrary starting point of 1898, and devotes particular atten-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion to their programs and policies in 1905. His account of necessity has as one of its central themes the role of Marxism at this stage.

Treadgold stresses the influence of Marxism not only on the Social Democrats, the formal Marxists, but also on the two rival parties. The Socialist Revolutionaries had much of Marxism in their make-up, and the Kadets to some extent fell back on Marxist arguments to justify their un-Marxist positions. Since Treadgold does not go in any detail into the Russian radical tradition, the degree and kinds of interaction between Marxism and native revolutionary themes are less explicit than in Haimson's account. Party programs and speeches are clearly summarized by Treadgold, but where does the boundary lie between language and purpose? This boundary emerges indirectly, and somewhat indistinctly, from the narrative of the revolutionary crisis. Only for the Mensheviks did Marxism appear to provide at this stage both the form and the substance of policy, and Haimson explains in much more detail than Treadgold the various considerations which motivated the leading Mensheviks. In both accounts the independence of Lenin not only from his colleagues, but also from what most people considered to be Marxism, emerges clearly.

II

The differences between Lenin and his rivals in opposition in the pre-revolutionary period culminated in the final destruction of the latter during the first five years of Bolshevik power. Leonard Schapiro, of the London School of Economics, in what is without doubt the outstanding study of this aspect of Lenin's career, takes the reader step by step from Lenin's first measures against his political opponents to his final "putting the lid on the opposition" in the Tenth and Eleventh Party Congresses in 1921 and 1922. By the end of this period even his opponents within the framework of his own following, the Left Communists, the Democratic Centralists, and the Workers' Opposition, had surrendered. At the same time Lenin established the organizational forms of the party which survive to a large extent to this day, and in April 1922 Stalin became its General Secretary. Six weeks later, Lenin suffered his first stroke. A new era was dawning.

What is the meaning of these events, narrated and documented so convincingly in Schapiro's monograph? Underlying his interpretation is the conviction that the political events of the period must be studied without reference to Marxist doctrines. Indeed, he believes that "the difference in doctrine between Lenin in practice and Marx

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in theory is . . . sufficient to raise serious doubt whether the political doctrines of the two men were really one and the same" (vi). He is also acutely aware of the profound influence on Lenin of the Russian revolutionary tradition, a point equally stressed by Haimson and to a lesser extent by Treadgold. This is not to say that Lenin was not sincere in considering himself to be a Marxist; but rather that neither the stage of Russia's development nor the character of Lenin's policies, once he achieved power, has much to do with the doctrine or spirit of Marxism.

Schapiro clearly does not believe that it was for Marxist reasons that Lenin succeeded, for he sees no historical necessity in the outcome of the revolution. Nor does he believe that Lenin administered a form of socialism essentially different from that of Stalin, and indeed this study shows that the contrary was the case. In Schapiro's view, Lenin emerged as the victor because of his consummate political skill, his ability to seize the opportunities offered by the unfolding of events. The circumstances of the war, and the scruples of the Provisional government which permitted the Bolsheviks to survive several setbacks in the spring and summer of 1917, help to explain Lenin's success. Yet it was his ability to jettison at a moment's notice policies which he had long advocated, if this abandonment was necessary for seizure or maintenance of political power, that accounted for his success. As a theorist, Lenin was not without rivals, but as a man of action he had no peer. It is also significant that, in the end, Lenin's immediate followers did not hesitate long in following his zigs and zags as soon as they saw that their power was at stake.

If this brutal suppression of all rivals was necessary for the seizure of power, why was it necessary after 1921 when victory, as Schapiro believes, was achieved? Could not Soviet power have been established on a much broader political base? It is Schapiro's conclusion that Lenin could not rise above the status of a revolutionary, in the extreme and bitter tradition of Russian radicalism, to assume the responsibilities of a statesman, once the operation moved from the seizure of power to the reconstruction of society.

Professor Georg von Rauch, of the University of Marburg, likewise assumes that the course of Russia's development in the twentieth century was by no means determined by the autocratic tradition of Russian politics, and even less by the predictions of Marx. His is a general history of Soviet Russia that attempts to offer a balanced account of the many factors, both ideological and practical, which have entered into the evolution of Soviet policy. It is perhaps surprising that no general

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

history of the Soviet Union on a scholarly level has heretofore been attempted, considering the number of workers who till this fertile field, but Rauch's history is in fact the first such attempt deserving of serious study. The source materials in this field are so controversial, and until the past decade there has been such a dearth of monographic spadework, that it has perhaps not hitherto been possible to write a satisfactory account. Rauch has based his history on the vast amount of work that has now been done in Germany, Great Britain, and the United States, the principal centers of Soviet studies, and he has achieved very solid results.

Dealing, as he does, with the entire sweep of Soviet history, Rauch cannot treat in adequate detail the many problems that bear on the relationship of Marxism to Soviet policy. Nevertheless, the main outline of his interpretation emerges clearly enough. Rauch is profoundly impressed by the ability of Lenin to oversimplify situations, to ignore ethical issues, and especially to deny the value of the individual. This outlook Lenin shared with the heirs of the "nihilist" tradition which formed such an important part of Russian revolutionary thought, and it was as alien as could be to the spirit of Marxism. In discussing the decisive policies of Lenin in 1921, once power had been secured, Rauch, like Schapiro, stresses the heavy-handed finality with which Lenin suppressed the opposition. He also notes the irony of Trotsky's approval of this suppression in 1921, although in 1904 he had opposed Lenin on the ground that his policy would lead to dictatorship within the party, and within a few years Trotsky himself was to become a victim of this policy. Rauch differs from Schapiro, however, in his estimate of Lenin's position in 1921-1922. While hindsight may permit us to regard the Bolshevik position at that time as secure—"In 1921 the fate of the country lay in the hands of Lenin," says Schapiro (p. 360)—Rauch is inclined to believe that the Bolsheviks still felt themselves to be in a very vulnerable position.

In writing of the vast panorama of policies and problems in Russia under Stalin, Rauch touches on innumerable issues involving the implementation of Marx's doctrines. A few of these will serve to illustrate his point of view. The social policies which emerged in the 1930's Rauch interprets as due primarily to the demands of the five-year plans. In the matter of wages, for instance, Stalin came out for sharp differentiations based on function and output, to a point where very wide gaps in income were permitted between unskilled and skilled workers, and between the latter and the upper intelligentsia and bureaucracy. Egalitarianism was denounced in principle, with the sup-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

port of a quotation from Marx taken out of context, and the spirit of Marxism as understood by most of his followers was ignored.

Likewise, in initiating the ideological trends toward nationalism, militarism, and social discipline, Stalin embarked on policies in the 1950's which were logical enough in terms of the Soviet method of modernization, but which made little sense in Marxist terms. Similarly, in the period immediately after the Second World War, there was a renewed intensification of the nationalist theme. The precedence in point of time of Russian political and scientific achievements, the predominance of the Russian language, and the leading role of the superstructure of society—especially the state—were all stressed with almost fanatical emphasis. At the same time, all mention of foreign influences on Russian society, whether past or present, was rigidly decried. In Rauch's view this trend contradicted the very basis of Marxism, and must be interpreted as a step toward establishing the supremacy of the Soviet state as the vanguard of world communism.

This same concern with Stalin's new emphasis on the theoretical role of the state is the starting point of Chambre's detailed account of the evolution from Marxism to Stalinism. Chambre, a Jesuit scholar at the Institut Catholique in Paris, and editor of *L'Action Populaire,* presents a closely reasoned account of the development of Soviet theory in the realm of law, social policy, and economics. He takes as his point of departure Stalin's doctrine of the role of the superstructure—political, legal, religious, and other ideas, and the political, legal, religious, and other institutions which implement them—as developed in particular in 1950 in his statements on linguistics. Chambre notes the great contrast between these views, qualified only to a limited degree two years later in Stalin's essay on the economic problems of socialism, and the very restricted role assigned to the superstructure by Marx. Chambre then asks himself what the relation is between these ideological developments and the doctrines of Marx. His answer fills five hundred pages of closely reasoned argument, based on a very wide consultation of Soviet and non-Soviet theory and scholarship.

In his detailed examination of the evolution of Stalin's theory of the relationship of the economic substructure of society to its superstructure of ideas and institutions, Chambre notes two fundamental departures from Marxism. On the one hand, Stalin and his fellow ideologists developed a conception of the substructure significantly narrower than that of Marx and Engels. The latter understood by substructure the relations of production, the technique of production, transportation, and even the geographical basis of society. Under

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Stalin, the tendency was to exclude the technique of production from the substructure, limiting it primarily to the relations of production, and in fact to the question of property ownership. On the other hand, while not denying the initial significance of the substructure, Stalin greatly enlarged the role of the superstructure. By attributing to the superstructure a vigor and initiative unknown to Marx, Stalin was able to explain how in 1917 a socialist state was created before a socialist substructure had been achieved, and how in the 1930's it was possible for the state to impose from above socialist relations of production in agriculture.

This superstructure, in the later writings of Stalin and his colleagues, is defined almost exclusively in terms of the state. The state, in turn, in Soviet theory and practice, is a reflection of the will of the party. Hence Chambre concludes that Soviet ideology, far from being a more or less predetermined reflection of the substructure, has in fact been and is now for all practical purposes in theory "an instrument of the policy of the party and the state" (p. 506). Moreover, it is Chambre's view that since 1917 Soviet ideology has been unfaithful to the central theses of Marxism in two particular aspects. The realities of the Russian situation in the years since 1917 have been far from those envisaged by Marx as appropriate to the establishment of socialism, and hence the Bolsheviks have had no basis for claiming to be guided by Marxism. At the same time Soviet ideology, in the service of party and state, has suspended the operation of the dialectic and decreed the strengthening of the state for an indefinite period. In order to understand the Soviet Union "it is not enough to concern oneself with ideology, important though it is to study it carefully," says Chambre, "but it is rather to concrete reality and its irresistible requirements that one must devote one's attention" (p. 509).

What is this concrete reality of Soviet society? This is a question to which many scholars have turned their attention in recent years, and to which there is no simple answer. One of the most systematic and carefully considered efforts in this direction has been the Harvard Project on the Soviet Social System, which in 1950-1951 interviewed at length 329 Soviet *émigrés* in West Germany, Austria, and the United States, and administered general questionnaires to 2,718. In addition, 435 more were interviewed and 9,748 answered questionnaires on a variety of special topics. This mass of material was then analyzed, collated, discussed, and summarized by a battery of scholars, and a large number of monographic studies have already been drawn from it. *How the Soviet System Works* is a concise first volume of the final

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

report of this project, and it draws not only on the interview data but also on all other available material on Soviet society. It will be followed by a second volume, by Alex Inkeles and Raymond A. Bauer, which will amplify and document the main themes of this book.

The use of information from defectors is of course full of pitfalls, but the interviewers were well aware of them and took great pains to counterbalance biases and to detect deliberate distortions. The science of interviewing has developed rapidly in recent years, partly as a result of this project, and at least in this case the results appear to be sound. The report of the project is perhaps something of an anticlimax, since its principal conclusions have been so widely disseminated by its members by word of mouth and in print that they have become part of the intellectual baggage of most persons interested in the Soviet Union. The volume is nevertheless valuable as a concise and authoritative summary of the findings of this important project. Some of its conclusions are too familiar to require comment: the strategic and tactical goals of Soviet policy, the tendency to force the pace of the economy, the insistence of the regime on retaining a monopoly of power, and the persistent neglect of living standards.

When it comes to analyzing the attitudes of Soviet citizens, however, the findings of the report are less widely known. They have, moreover, been confirmed to a very considerable degree by the observations of the many Russian-speaking tourists from the United States and Western Europe who have visited Russia in the past year. The great resentment of the average Soviet citizen is concentrated on the low living standards and on the system of collectivization which perhaps lies at the base of this problem. There are many tensions also between the ruling elite and the average citizen, who are separated by a gap of income and opportunities which is in most respects much wider than that in the United States. Interest in and ignorance of the outside world, especially the United States, are everywhere apparent. While the government is distrusted, the system—in the sense of a welfare state which is making every effort to increase production and to maintain its status as a world power—is on the whole understood and respected. The interest in the United States is not accompanied by a desire for civil liberties. What the Soviet citizen wants is more consumer goods and more equality of opportunity, less pressure from above and less interference in his private life. It is not inconsistent with Soviet modes of thought that the citizen looks to the state to take the initiative in making the desired changes.

What does this social system have to do with Marxism? It is Marx-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ist primarily in the sense that it is called Marxist. Yet, as this report points out, ideology plays an important role in Russian life. While it is manipulated by the Soviet leaders, it also manipulates them to some extent. This ideology "is an amalgam of formal and openly expressed principles, informal and covertly held ideas which are nevertheless consciously shared by the elite, principles of action which are merely implicit and often not consciously formulated by the leadership, and lessons learned from experience in the hard school of Soviet politics" (p. 212). If it is not Marxist, it has been influenced by Marxism in a myriad of subtle ways.

A particularly striking feature of Russian society is the evolution of a clearly identifiable stratum of what may be called a ruling elite, a middle class, or even a body of technocrats. It is in any case more "ruling" than "middle." In his original and thought-provoking study, *Russia's New Middle Class*,[1] Alf Edeen, of the Foreign Policy Institute of Stockholm, analyzes in some detail the changing composition of the Communist Party. His findings are based on a wide reading of the central and provincial press, and especially the statistical material presented at the Nineteenth Party Congress in 1952, supplemented by data on the regional conferences held in the preceding months. Edeen recognizes the limitations of his sources, but he is able to demonstrate in considerable detail how the party bureaucrats have evolved into a body of young, well-educated, and highly rank-conscious technicians. He finds that Russians play a remarkably large role in the parties of the constituent republics; and that women comprise about one-fifth of the party membership, although closer to 12 per cent of the 1952 regional and national congresses. These party members have reserved for themselves important social and economic privileges, and have a vested interest in the stability of the regime. "It is the technocrats who are now coming to the top . . . ," Edeen concludes. "It would be surprising if among these should be found persons interested in participating in the formation of factions intended to paralyze the supreme party leadership" (p. 90).

IV

What conclusions are suggested by this brief scrutiny? So far as the initial impact of Marxism on Russia is concerned, there can be no question that it extended well beyond the ranks of the Social Democrats

[1] Consulted with the assistance of Professor Dankwart A. Rustow, of Princeton University.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

themselves. The doctrines of Marx were vigorous and authoritative, yet stated in such general and abstract terms that many meanings could be read into them. They were superficially logical, and at this early date their inherent inconsistencies were not generally recognized. They found fertile soil in Russia not only because they met certain specific ideological needs, as Haimson points out, but also because they appeared to offer a general and simplified guide to a solution of Russia's problems. Marx's Marxism, however, was imbued with the democratic and humanitarian spirit of nineteenth-century France and England, and it carried this spirit to Russia only to the extent that individual Russians themselves appreciated it. By the many, like Lenin, to whom this spirit was alien—by those who were saturated with the very intense extremism of the Russian radical tradition—the forms of Marx were adopted, but not the content. For them, Marxism was primarily a language and an inspiration.

The November revolution was Marxist in the sense that it was engineered by revolutionaries who considered themselves to be Marxists, who were inspired by Marxist doctrine. Without this inspiration, it is difficult to imagine the revolution taking place. Columbus would not have discovered America if he had not been trying to find a route to India—but America is not India, nor was the Russian revolution Marxist. Lenin's methods after 1917 cannot logically be reconciled with the theories which he advocated up to that time, but they are quite intelligible in terms of his own modes of thought. He was interested in modernizing Russia, and he read his Marx in the spirit of a Russian radical of the most extreme school. It was perhaps as much a shortcoming of Marx as of Lenin that the latter saw nothing illogical in what he was doing.

The gap between words and meaning, doctrine and policy, was only widened when power passed from Lenin to Stalin and a new generation of technocrats. They were building a modern Russia, and the needs of this enterprise were uppermost in their minds. Lenin's writings before 1917 were sufficiently faithful to the doctrines of Marx to make it relevant to ask how he tried to reconcile theory and practice after he achieved power. In the case of the second revolution after 1928, more profound than the first in a social and economic sense, this question is scarcely relevant. Chambre demonstrates with great persuasiveness how far from home even theory has wandered, let alone practice. It is significant that a non-Marxist scholar of the status of Montgomery can still argue that Marxism remains an active force in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Soviet policy,[2] but this viewed is shared by few. So far as practice is concerned, Russia was never close to the Marxist image and today it resembles nothing more than what it is: the Russia of the early twentieth century, which has been modernized by the heirs of the Russian radical tradition. They have indeed been influenced by Marx, but perhaps no less by Frederick W. Taylor, Henry Ford, and Walther Rathenau. Would it not be appropriate, apart from being an oversimplification, to say that what is known as Communism today is simply the Soviet method of modernization?

[2] Arthur Montgomery, *Stalinismen*, Stockholm, 1953, as reviewed by Alexander Gerschenkron in the *American Slavic and East European Review*, XII (December 1953), pp. 565-66. See also Montgomery's "Der Stalinismus nach dem Tode Stalins," in *Die freie Welt im kalten Krieg*, ed. by Albert Hunold, Erlenbach-Zürich and Stuttgart, 1955, pp. 163-81.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A PSYCHOANALYTIC INTERPRETATION OF WOODROW WILSON

By BERNARD BRODIE

Alexander L. George and Juliette L. George, *Woodrow Wilson and Colonel House: A Personality Study*, New York, The John Day Company, 1956, 362 pp. $6.00.

IN this volume the authors have produced the first completely satisfactory account of the strange relationship between the two figures mentioned in the title, and of their part in history. But in so doing they have accomplished more than that. The book is, quite appropriately, much more about Wilson than about House, and the authors have given us the first interpretation of the character of that already legendary president which impresses one as having depth, coherence, and consistency.

To say this is to announce that the authors have attempted a psychoanalytic study of the personality structure of Woodrow Wilson. For no other kind of approach can suffice to make his behavior quite believable, let alone explicable. It is impossible to discuss his motivation within a frame of reference that makes simply the normal allowances for the effects of personal ambition, interest, and vanity. Wilson was intensely neurotic—though the authors refrain from using this or like terms throughout the book—and to get into the dynamics of his actions inevitably requires recourse to concepts and insights that have developed out of the discoveries of Sigmund Freud.

Others, including such biographers of Wilson as Ray Stannard Baker and William Allen White, have called attention to the special necessity in the case of this driven man to discover and present his inner life. White, for example (as quoted by the present authors), wrote that one who followed the Wilson story felt ". . . like clamoring wildly . . . for someone to come and release the festering rage in our hero's underconsciousness, by a whacking blow, spiritual, or even physical, to give his soul relief and to restore wholesome circulation to his moral blood" (p. xvi). Those who knew Wilson personally testified after his death to the consuming inner conflict that forced him in effect to destroy those things to which he had himself given life, including

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

what was to have been his greatest monument—the League of Nations. As Professor Thomas A. Bailey pointed out in *Woodrow Wilson and the Great Betrayal*, it was not Senator Lodge and his cohorts but Wilson who "with his own sickly hands . . . slew his own brain child." The present authors acknowledge Bailey's interpretation and overwhelmingly confirm it, save that they are obliged to qualify the implications of the term "brain child." The ideas that Wilson made his own and put into the Covenant did not originate with him.

Of the statements made by those who knew Wilson which the authors found among the Baker Papers in the Library of Congress, the one by Thomas F. Woodlock demands quoting:

"The nemesis that Woodrow Wilson vainly fought was within himself, but it was as unchangeable, as inexorable as the Greek Fates. In the last few years of his life there was something Promethean about him. The eagle's beak and claws were in his vitals as he lay bound and helpless on his rock of sickness, but he was grimly enduring and coldly defiant to the last. In the lonely citadel of his soul, proud in the conviction that his cause was wholly just, utterly intolerant of criticism, utterly ruthless to opposition, he could not compromise with his daemon. Tragedy if it be not noble is not tragedy, and no one will deny to Woodrow Wilson the elements of nobility. Yet it must be said that the world suffers when Prometheus suffers, and that the very essence of statesmanship lies not in the grim endurance of foreordained defeat, but rather in the wisdom to know when to take occasion by the hand by yielding the shadow to gain the substance. To deny to Woodrow Wilson the quality of supreme statesmanship is only to say that he followed his daemon to the last. And his is a tragedy that Sophocles might well have imagined" (p. xv).

Thus, the insights that Dr. and Mrs. George bring to bear are not wholly revolutionary even in the field of Wilson biography. What they contribute most of all is a kind of equipment which no previous biographer of Wilson or historian of the era has had—a firm, disciplined understanding of the basic discoveries of the last sixty-odd years about human behavior, plus utter scrupulousness in the application of the insights so derived to the facts which they have carefully marshaled. They are not themselves psychoanalysts, and they have a certain detachment from the conceptual tools which they have borrowed from analysis and an ability to use the ideas without the jargon (with what restraint is suggested in their "Research Note" at the end of the book, where they permit themselves to slip away from their otherwise invariably lucid English). They have also a diligence and competence

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in historical research which no professional analyst has yet demonstrated to this reviewer's knowledge—with the possible exception of Ernest Jones in his monumental biography of Freud.

One must acknowledge that to call a biography "Freudian" or "psychoanalytic" in its approach (the authors themselves shrewdly refrain from such boldness) is, even now, to damn it utterly in the minds of many scholars as well as laymen. Good biographies have indeed been written, and no doubt will continue to be written, even about complex personalities, by scholars who are innocent of contemporary knowledge about human behavior. And very bad ones have been written by persons who stretched too thin a smattering of such knowledge, or by those who knew plenty of psychology but were simply unwilling to do the amount of historical research which any good biography requires. Nevertheless, while it is merely regrettable when a biographer or historian handicaps himself unnecessarily by neglecting to cultivate useful tools which could be available to him, it is something else again when he rejects out of prejudice the work of others who are not so handicapped.

What we want to establish here, however, is less the general validity of psychoanalytic concepts, or their pertinence to biography, than the fact that the present authors have used them well. They themselves concede that the merit of their book lies in the degree to which they have succeeded in illuminating the *why* and *how* of Wilson's behavior, rather than in the marshaling of important new facts about his life. Not that they have been content to examine the life from secondary sources alone. Obviously, they could not depend on the compilations of those who did not know what to look for. They have in fact exhaustively examined the primary sources—especially the Wilson, Baker, Hitchcock, and Lansing papers at the Library of Congress, and the Edward M. House papers at the Yale University Library. Even an historian who rejected their basic theses would find much novel and valuable material in this book. He would even find himself with fewer aches and pains than he had expected from going over the course, because the book makes such good reading.

Still, the book interests us basically as an outstanding portrayal of how great enterprises can be turned awry for reasons other than the opposition of wicked or stupid men. How much evil could stem from the compulsive stubbornness of one man, whose claim to distinction among the statesmen of his time was his conspicuous and in a sense genuine morality, is the nearly incredible burden of this book.

The authors are inevitably on weaker ground when they try to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

explain the genesis of the Wilsonian neurosis than when they describe the manner in which it expressed itself full-blown. Not that their explanation is implausible. On the contrary, it is arresting and persuasive, and the evidence to support it is weighty, though necessarily presumptive and incomplete. It is one thing to observe compulsive behavior and identify it for what it is; it is quite another to find the original causes. The former is what a sensitive and appropriately educated person can discern in his friends and acquaintances as well as in himself and, in some instances, in historical figures; the latter usually requires the expert therapist and the couch.

In any case, the authors find as the origin of the adult Wilson's inner deformity the experience of the child and youth with a demanding and yet mocking father. Dr. Joseph Ruggles Wilson, a Presbyterian minister who was noted for his caustic wit, took an extraordinarily active role in his son's education. He used ridicule freely as a sanction to force his son to meet his own perfectionist standards, particularly with respect to the use of language. The son's resentment and rage were almost entirely repressed, as indicated by, among other things, the esteem and apparent affection in which he held his father throughout his life. However, the rage expressed itself early in an atrociously poor performance in his first years at school. This failure, which the authors interpret as an unconscious *refusal* to learn, of course called for more of the father's characteristic intervention. All his life Wilson felt inferior to his father—significantly enough, in looks as well as in morals and accomplishment. All his life he struggled against an inner feeling of inadequacy and worthlessness *which must ever be disproved.*

For lack of materials the authors have almost nothing to say about Wilson's mother, save that she "was a rather plain, serious woman, extremely reserved, greatly devoted to her family." They quote also a statement by Wilson written many years later: ". . . I remember how I clung to her (a laughed-at 'mama's boy') till I was a great big fellow" (p. 5). We must conclude that she did little or nothing to save her son from the serious loss of self-esteem which his father was inflicting on him.

The authors, moreover, attempt no conjectures about Wilson's early sexuality, though one can make some few presumptions from the fact that he was reared in and completely adhered to a strict Calvinist doctrine. "He prayed, on his knees, daily; read the Bible daily; said grace before every meal; attended church regularly. These were the outer expressions of a faith which penetrated to his innermost being" (p. 5). There is also a telltale remark that he made as a youth to a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

female relation (concerning the melancholia of an artist acquaintance): "Cousin Mary, it is possible to control your thoughts, you know" (p. 11). We know also that in later life he was especially dependent on women for the extraordinarily high dose of flattery which was his constant need, as evidenced, for example, in his long-continued correspondence with Mrs. Hulbert.

So far as his adult career is concerned, the evidence supporting an interpretation of compulsive and obsessive behavior is abundant and, in the aggregate, overwhelming. What was the pattern of this behavior? We find, first of all, an intense striving for political domination, which, according to the authors, "was for him a compensatory value, a means of restoring the self-esteem damaged in childhood" (p. 320). But the function of this striving had to be in some fashion concealed. "He could indulge his hidden desire to dominate only by 'purifying' his leadership, by committing it to political projects which articulated the highest moral and idealistic aspirations of the people. His desire for power was mitigated by a simultaneous need for approval, respect and, especially, for feeling virtuous" (*ibid.*). In order to accomplish his ends he hit upon the "highly constructive strategy . . . of committing his desire for domination and his ambition for great accomplishments only to reform projects which already enjoyed considerable support and were within reasonable possibility of achievement" (*ibid.*). Because of this strategy, "the vast energies unleashed by his personal involvement in politics were committed to political objectives both desirable and feasible" (*ibid.*) .

One of the things which defeated him was the insatiableness of his ambition. Wilson once said of himself: ". . . I am so constituted that, for some reason or other, I never have a sense of triumph" (p. 320). In other words, he was "unable to derive normal gratification and pleasure from his achievements" (*ibid.*). Success could not satisfy him. "No sooner did Wilson put through one reform plan than he would discover another great work calling for his attention. He was soon pressing it upon legislators as something urgently and immediately to be accepted" (*ibid.*). Such behavior naturally engendered its own opposition, especially since credit for his worthy works was something which he found it extremely difficult to share with others. A suggested modification of his plans he tended to look upon both as criticism of himself personally, which was intolerable, and also as a move to share (i.e., take away from him) some of the glory of his accomplishment. He responded accordingly.

It is impressive how the cyclic pattern of Wilson's behavior was

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

repeated in the three executive posts he held during his lifetime, first as President of Princeton University, then as Governor of New Jersey, and finally as President of the United States. In each case he came into office on a wave of support and approbation as an energetic reformer, proceeded to accomplish many worthy reforms, beat people over the head in the process, began to inspire personal opposition, and thereupon became wholly oriented to that opposition rather than to the object for which he was presumably fighting. Arthur S. Link, another contemporary biographer of Wilson, has also compared the Princeton period with the White House period, calling the former the microcosm of the latter and ascribing to both situations "the character and proportions of a Greek tragedy."

We have so far said little in this review about Col. Edward M. House, and it is not to be assumed that the authors are comparably niggardly. The title of their book is an honest one, despite the fact that they give considerably fewer pages to Colonel House than to his eminent partner, and also feel impelled to carry the narrative beyond the time when House ceased to have any influence on Wilson. For that period contained what is the tragic denouement of the entire narrative—the wholly needless fight with the Senate resulting in the rejection of the Paris treaty with its League Covenant.

One regrets that House's character is not as well illuminated as Wilson's, for in the absence of explanation it is comparably confounding. Here is a man, of extraordinary political insight and executive talent, who deliberately sought out and attached himself to an alter ego who could endure, as he could not, the hazards of tremendous celebrity and of supreme political status and authority. The explanation offered by our authors—that an illness suffered from a fall when he was twelve left him lacking in physical strength and that he did not own the looks for high leadership—is not altogether convincing.

After his first meeting with Wilson, while the latter was still Governor of New Jersey and only a subject for speculation as a presidential candidate, House wrote to his brother-in-law: "It is just such a chance as I have always wanted for never before have I found both the man and the opportunity" (p. 93). Could such an aspiration toward supreme and yet indirect power ever have been more deliberate? And that he should have succeeded in making his man President and then guiding him for the better part of two administrations, his man being a Wilson in temperament and character, argues a personal and political achievement of the first magnitude. History records many court favorites, but

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

few of them assisted in creating the monarch from whom they derived their power, and few of them were as consistently an influence for good rather than evil.

House was eager to fit himself into a role which for most persons of anything like comparable ability would be impossibly demanding—demanding in terms of the required flow of flattery and of other forms of dissimulation. In view of the crippled personality of Wilson, and his incessant demands for reassurance concerning his own wisdom and goodness, it is difficult to comprehend the degree to which House succeeded in remaining for eight long years the intimate confidant *and* adviser to Wilson. One cannot suppress the feeling that House was also deformed inwardly, but in a happily complementary way. And when he made a move toward a more normal relationship and greater integrity of character, the break occurred. At the Paris Peace Conference he accepted for the first time an official status—as one of the five American commissioners (including the President)—and at that conference he began to push upon the President some unwelcome advice, concerning, significantly, the latter's relationship with the Senate.

As the authors point out, "Wilson's affection for House seems to have been rooted in House's extraordinary capacity for enhancing the President's self-esteem. House's willingness readily to accept Wilson's opinions no matter what his own were, and the fact that he enjoyed status only insofar as Wilson chose to bestow it, figured importantly in the President's ability to accept the Colonel as a close friend and adviser. By the time Wilson left Paris in mid-February, these twin foundations of the relationship were disturbed" (p. 242). And immediately upon Wilson's return, they collapsed entirely. Toward the end of the Conference, Wilson was sitting as the lone American member in the Council of Four, and telling neither House nor anyone else what was going on. In passing we may observe also the miserable role played by Secretary of State Lansing, who, along with the other American Commissioners, was "reduced to seeking information from the gossip of the staffs of other delegations" (p. 249).

The story of Wilson's conduct at the Peace Conference is fascinating and astounding, especially the revelation of his unwillingness to see issues reopened even when doing so promised to regain for him positions which he had previously relinquished at great pain and cost. Not having any sense for the requirements of the bargaining process, and being temperamentally unable even to capitalize on his own stubbornness, he comes out as an extraordinarily poor negotiator; and his

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

insistence on going alone to the meetings of the "Big Four" must be classified as sheer recklessness. But the great, tragic climax of the book is the story of the battle with the Senate and the utterly needless defeat. It is not the story of a "little group of willful men," as the President categorized his opposition, but of one supremely willful man, himself. It was he who was the one great "irreconcilable."

A two-thirds majority of the Senate favoring ratification of the Treaty with its League Covenant was assured—since the public overwhelmingly favored such action—provided only that Wilson accepted the insertion of some exceedingly mild reservations in the instrument of ratification. These reservations for the most part made explicit certain understandings that would normally be considered to be implicit in the language of the Covenant. Wilson early expressed a willingness to make those reservations the subject of a separate statement expressing the United States government's understanding of the Treaty and the Covenant. But he would not include this statement in the instrument of ratification. And on such a difference as this the whole Treaty was permitted to founder!

Senator Lodge, who led the small group of Senators that wanted entirely to reject American adherence to a League, based his strategy on a supposition which he expressed well in his own words: "Never under any set of circumstances in this world could he [Wilson] be induced to accept a treaty with Lodge reservations appended to it" (p. 279). He correctly intuited that Wilson would be more intent on punishing his Senate opposition for defiling his treaty than on getting that treaty through even in modified form.

Lodge's tactics were in the main to delay approval and wait for Wilson's stubbornness to drive the moderate-reservationists into his arms. But even at the end of his maneuvers, the most the Senate was holding out for was a group of mild reservations, which, however, they insisted on having attached to the instrument of ratification.

Wilson's assertion that this requirement would necessitate a complete renegotiation of the Treaty was patently false, and was exposed as hollow by a discreet letter to the London *Times* by Viscount Grey. Grey had previously come to Washington at the request of his government to persuade Wilson that he was exaggerating the importance of the reservation issue, but Wilson had let him cool his heels for four months without seeing him, using his illness as an excuse (although toward the end he was seeing other callers). In the meantime there had been the preposterous journey to bring the issue to "the people," who, inasmuch as no election was impending, could do nothing about it save

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

write letters. Then there had been the collapse and the stroke. But Wilson was completely in possession of his faculties when he refrained from changing his standing instructions to Senator Hitchcock at the moment the ratification issue came up for a vote.

Earlier the French Ambassador had assured the President that the British and French governments would accept the reservations then being discussed in the Senate. "Mr. Ambassador," Wilson had declared, "I shall consent to nothing. The Senate must take its medicine" (p. 311). And when the Treaty came up for the vote, with what were now called the Lodge reservations, Hitchcock insisted that the duty of the Administration supporters was to vote "nay." Twenty-three of them did, and these, along with the "irreconcilables," were enough to bring the opposing vote to 35, with 49 in favor. The majority in favor of the Treaty did not reach the necessary two-thirds. "Some years later, Hitchcock admitted that he had had 'all I could do' to hold enough Democrats in line to beat the Treaty" (p. 313). As the last name was called and it was clear the Treaty was dead, one of the "irreconcilables," Senator Brandegee, turned to Lodge and remarked: "We can always depend on Mr. Wilson. He never has failed us" (*ibid.*).

Whatever one may think of the intrinsic value of the League of Nations, the American rejection of the Treaty with the League Covenant meant the non-participation of the United States in all the subsequent peace arrangements of Europe. In view of what occurred in the two decades following, it is hard to believe that non-participation was anything but deeply unfortunate. Perhaps the United States would have passed through a phase of intense isolationism anyway, but we know that the rejection of the League followed by the Republican victory at the polls was a tremendous stimulus to that mood. And this rejection could have been avoided if Wilson had followed the urging of, among others, his predecessor in office, William Howard Taft, or if he had not expunged from his councils the canny and modest-though-ambitious Col. Edward House.

This book is a good antidote to the irrepressible tendency of political scientists, as well as laymen, to think of high politics as something carried on by disembodied spirits, whose larger actions may vary in degree of shrewdness and foresight but are seldom affected by submerged and hidden passions. It is incidentally also sobering to Americans to observe that a man like Wilson, although exceptional even in the history of the American presidency, was nevertheless able to win two terms of office at a time of cataclysmic world events. Because he was the kind of man who inevitably wore out his friendships and the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

enthusiasm of his supporters, he could almost certainly never have risen to the top in a system like the British.

It remains to be noted that the authors of this excellent and beautifully written book pay a handsome tribute in their "Research Note" to the stimulus originally given them in this enterprise by Drs. Nathan Leites and Harold D. Lasswell. Their pioneering work in this field, especially the latter's, is well known to all political scientists, but this volume represents the fullest and best fruition of their influence that this reviewer has yet seen.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A DECADE OF POLITICAL AND ECONOMIC CHANGE IN ITALY

By JOSEPH LaPALOMBARA

Muriel Grindrod, *The Rebuilding of Italy: Politics and Economics, 1945-1955*, London, Royal Institute of International Affairs, 1955, 269 pp. $4.00.

ALMOST eleven years ago, in the immediate aftermath of a costly war and the fall of fascism, Italy's electorate dismissed the House of Savoy and voted to try its hand at republican government instead. Looking back, most Italian commentators are inclined to judge positively the events following that decision. They point out that Italy has demonstrated a marked capacity for operating democratic political institutions, and an almost miraculous ability to stay above water economically in the face of the most discouraging obstacles. To be sure, there are those on the political right who still bemoan the break with tradition, and others on the left who claim that the break with the past has not been nearly what many had anticipated during the days of the Resistance. Nevertheless, the evidence is overwhelming that basic changes, many of them with profound long-run implications for Italian society, have been effected in the political, economic, and social spheres.

It is common knowledge that the United States has played a major role in the reconstruction of postwar Italy. Economic aid, technical assistance personnel, educational exchange, even the millions of American tourists, have been instruments for shaping the direction which certain changes in Italian society have taken. Yet, in spite of the high degree of interaction between the two countries, the public and the government of the United States probably know less about the politics and economics of Italy than of any other of our major allies in Western Europe. We have come to appreciate Italian fashions, motion pictures, motion picture actresses, and postwar novelists. These interests, however, have not been duplicated by serious inquiries into the political institutions and behavior of the Italian Republic.

This limited knowledge of Italian affairs has historical roots. We have always been much more closely identified with Great Britain and France, nations that have loomed large in the evolution of our own political institutions. Italy, on the other hand, did not emerge as a nation until the middle of the nineteenth century. What might have developed into close Italo-American ties was thwarted by American isolationism

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and by the advent of fascism. While the Fascist regime did find some admirers and apologists in the United States, it did nothing to encourage the friendship of this country. Nor did it welcome investigations by American scholars. Most publications about Italy under Mussolini—excepting those by the few who sought to look objectively at the Fascist regime—were largely impressionistic and polemical.

In recent years an increasing number of American social scientists have been devoting their talents to Italian research. Subjects such as political parties, trade unionism, agricultural reform, industrialization, nationalization, unemployment, fiscal structure, public administration, and voting behavior have come under fairly intensive scrutiny. But the research has merely sifted a bit of the topsoil in an area which can be rewardingly mined by many more scholars.

Adequate knowledge of Italian social, economic, and political institutions has been further inhibited by the retarded state of the social sciences in Italy. Excepting economics—a field not viewed as a social science by Italians—such disciplines as political science, sociology, psychology, and anthropology are today at primitive levels of development. This does not mean that Italy has never experienced intellectual impulses similar to those which stimulated the refinement of these disciplines in other countries. On the contrary, names like Lombroso, Ferri, Mosca, Galiani, Pareto, and Vico—to cite only the more widely known—stand as important landmarks in the evolution of the social sciences everywhere. Ironically, these men have had a greater impact abroad than in Italy.

Italian scholars in the late nineteenth century were among the first to wage a determined and pitiless campaign against the nascent social sciences. Efforts by men interested in a more "scientific" approach to political and social phenomena were ridiculed as simplistic, pretentious, and hopelessly confused. Professor Giannini of the University of Perugia has aptly summarized the situation: "A culture that prized clarity and acumen above all else could not respect research so tendentiously obscure and so abounding in banalities as that engaged in by the new social sciences, not only in Italy but in France, Germany, England and the United States as well."[1]

It is significant that Professor Giannini, who has fought so diligently to establish sociology as a respectable field of academic inquiry in Italy, points to a defect which social science has long suffered because of its compulsive attempts to emulate the methodologies of the more exact

[1] Massimo S. Giannini, "On the Development of the Social Sciences in Italy," *International Social Science Bulletin*, II (Summer 1950), p. 226.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sciences. On the other hand, Italian critics—particularly in the scholarly world—were often motivated by goals which had little or nothing to do with advancing the condition of man's knowledge of his social institutions. Instead of encouraging the young disciplines, the universities' "old hands" sought to demolish them dialectically; where intellectual tolerance was the basic need, obscurant derision was what was offered.

Thus challenged at the very outset, the social sciences received an almost fatal blow from the idealist reaction against positivism that occurred at the turn of the present century. The attack was perhaps epitomized in the withering criticisms of Benedetto Croce, who once dismissed the work of Pareto as so much "nonsense." Those who favored the social sciences were unable adequately to defend their positions against the caustic barrages of the leading figures in the Italian intellectual community. Professor Giacomo Perticone, whose works are well known abroad, depicts the situation like this: "While in other parts of Europe and in America, the sociological disciplines made headway and instituted historical, legal, economic and political sociology . . . in Italy the very word 'sociology' was disdained and almost banished from the vocabulary of science. Given the equation 'fact equals the mind,' it seemed that a knowledge of facts—and hence of political facts, as being the basis of the political sciences—could only be sought and found in the various positions of the mind as it turned on its own axis. . . ."[2]

What idealism began, fascism tended to complete. Il Duce's regime, fearful perhaps of the potential consequences of free academic inquiry, narrowly defined the subjects and courses that might be taught in the universities. In the retrenchment of curricula, the social sciences were the first areas to be sacrificed. Advances which had been made despite the attacks of the philosophical idealists were cut short; insofar as feasible, the universities were made the instruments of the "organic state."

Finally, a last blow was dealt the social sciences in 1944 when faculties of political science (of which there existed only a few) were suppressed on the grounds that they were creatures of fascism.

Notwithstanding these many barriers, the social sciences have made a little headway in the postwar era in Italy. Progress has been slow, and those scholars interested in moving toward more empirical investigations are faced with the conservatism of some of the nation's oldest universities. Historicism, legalism, formalism are still the terms which

[2] Giacomo Perticone, "The Political Sciences in Italy," *ibid.*, p. 185.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

best describe Italian scholarship. The influence of Hegelianism and neo-Hegelianism is ever present; modern social science is compelled to develop largely outside the accepted university curricula.

It is partially in the light of the great need for more systematic research into the political institutions and behavior of Italy that we must evaluate Muriel Grindrod's recent volume. *The Rebuilding of Italy* represents the second time in a decade that the author has offered English-speaking readers a treatise on Italian politics and economics. Her first effort (*The New Italy*, London, 1947) was a timely introduction to the major problems confronting a war-devastated country; it provided a clear and succinct summary of the basic dilemmas that the Italian nation would have to overcome in order to survive, as well as an orientation to the emergent political parties.

The present volume is essentially a description and evaluation of the strides made by the Italians in the political and economic reconstruction of the country. Speaking of the continuing ignorance of Italian internal affairs prevalent in her own England, the author says that she wrote this book because: "... today, in a rapidly contracting world, individual countries neither can nor may remain in quite such an ivory-towered ignorance of each other's way of life. Italy is now working side by side with other countries of the West in wider communities and organizations. Her internal affairs are thus a matter of interest and concern for all her partners" (p. 3).

As a highly general overview of Italian political and economic affairs since the war the book is excellent. Its immense scope includes a summary of what the author said at greater length in *The New Italy*; a description of political developments from the crisis year of 1947 through the difficulties of maintaining the center coalition after the 1953 elections and the death of Alcide De Gasperi; an analysis of Italian foreign relations; and summaries of the progress registered by the government in dealing with such basic problems as emigration, industrial reconstruction, the mechanization of agriculture, land reform, housing, poverty, unemployment, education, and foreign trade.

The volume holds great utility for the general reader; somewhere in its pages one will find a statement, always cogent and frequently brilliant, of every major problem that has plagued Italian politics for decades. Miss Grindrod appraises Italy's manner of confronting these problems not merely with sympathy and understanding but also with the advantage of one who, as editor of *The World Today*, has maintained a continuous interest in Italian affairs.

For the social scientist who has some knowledge of and interest in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Italy, however, the book is of extremely limited value—except as a piece of well-informed journalism. It is a pity that one with the author's experience and analytical gifts should not go beyond a restatement of topics that have been cited and explored many times within the periodical literature. Indeed, there is some evidence that Miss Grindrod has not completely exploited the findings of both Italian and American scholars who have published articles, books, and monographs on Italy within recent years. As a result, the interested scholar will want more information than the volume provides, and the general reader is likely to come away from it with information about Italy which is impressionistic rather than based on systematic investigation into some of the subjects which the author treats. This latter shortcoming is important enough to warrant illustration.

Early in the volume the author deals with the Italian Resistance and with the Committees of National Liberation (CLN's) which flowed from it. She is correct in describing the political activities of these committees as a major effort on the part of some groups to break with the past. Italian literature on the subject makes it clear that leaders of the left saw in the CLN's the vehicle for transforming the nation's basic political and economic institutions. The manner in which the parties of the center, together with Allied aid, short-circuited the CLN's is one of the most fascinating case studies in Italian power politics yet to be analyzed in English. If the thrust of the left had succeeded, it is fairly certain that Italy would have fallen under the domination of the Communists and Nenni Socialists. It is therefore curious that the author should interpret the opposition of the Christian Democrats and Liberals to the CLN's as based merely on the conviction that pre-Fascist political forms would provide greater stability for postwar Italy. Fascism's disintegration in a sense created a political institutional vacuum, and Christian Democrats as well as Communists and Socialists manifested a certain zeal to remake institutions. That the Christian Democrats in many instances later modified their earlier opinions was probably due not so much to a love of pre-Fascist arrangements as to the realization that compliance with the Resistance leaders' suggestions might place the country in the hands of the extreme left. Opposition to the demands of the CLN's, therefore, was probably a quite conscious stratagem in a very serious struggle for political domination.

If one focuses analytically on the sheer power struggle between Christian democracy and the extreme left, much of the seemingly incongruent behavior of the former can be explained. For example, the author and others have commented on the failure of Christian Demo-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cratic governments to implement certain vital sections of the 1948 Constitution. Superficially, it appears that within the party the presence of disparate ideological factions made impossible a common approach to the Constitution. However, the long failure of the Christian Democrats to create a constitutional court, the party's opposition to the regionalism and administrative decentralization envisaged by the Constitution, and the attempt of the party in 1953 to modify the electoral law demonstrate that the party has often presented a monolithic front. A central value of the Christian Democrats appears to be that of perpetuating themselves in power at the expense not only of the extreme left but of all other political parties as well. A great deal of this effort to achieve uncontested hegemony over Italian politics is obscured by the widely held image of the party as an organization altruistically devoted to the task of protecting Italian democracy from the political extremes. It is doubtful that the image would remain untarnished in the light of intensive field investigations.

In those sections of the book which deal with elections, electoral campaigns, and voting behavior, the reader may be misled by the author's tendency to deal in sweeping generalizations, unqualified by empirical data. For example, she says at one point that, in the 1953 national elections, the greatest gains of communism were registered in those areas where the Italian government, backed by American aid, had made the most determined efforts to introduce material improvements. This generalization alludes to southern Italy, where projects of land reform, road building, land reclamation and irrigation, and public housing construction have been undertaken. The inference to be drawn from the author's comment is that economic reform results in an increase rather than in a decrease in Communist electoral strength.

It is true that the highest rates of Communist electoral growth have occurred in the south. However, one might argue that 1953 was too early to expect the impact of economic reform to be reflected at the polls. Furthermore, we now have interesting data gathered by Campagna and De Caprariis which cause these researchers tentatively to conclude that the reform programs have probably slowed up the rate of Communist growth in the south. Their findings show that in several areas in which land reform has been effected (e.g., Matera, Cerignola, Andria), the Communist Party has experienced slight losses. Reciprocally, the Communists have made their most impressive gains in those areas of the south where the large estates have not yet been subdivided. The divergence of views between the author and the researchers cited may simply be due to the fact that the former rarely delves below

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the very highest level of generality. As a result, the reader may come away from the book with a quite erroneous conclusion regarding the efficacy of economic reform as a means of reducing the appeals of communism.

When the author turns to the administrative and political elections that have occurred since 1948, she ascribes the loss of Christian Democratic votes to the negative judgments of the party made by the electorate in connection with both national and international issues. At one point she comments that "People had grown tired of the Christian Democrats, with their rather humdrum and pedestrian virtues, and they tended to ignore the benefits they had brought" (p. 87).

Miss Grindrod may be correct in her assessment of the Italian voters' motivations at the polls; but her volume contains no evidence that would support such a generalization. The fact is that we know very little about Italian voting behavior, and what sketchy empirical data are extant do not support her view of the importance of national and international issues in Italian elections. For example, a field study of seventy-six Italian communes in which the Communist Party vote in 1953 had shifted substantially in one direction or another from the 1948 results establishes that "shifters" were motivated by *local* rather than national or international considerations. Moreover, the issues were almost never ideological, but focused instead on such mundane things as sewers, schools, road maintenance, local graft or corruption, and so on. Regardless of its national ideology, the party that succeeded in resolving *local* problems was the one that benefited at the polls.

This field study, conducted under the auspices of the Department of State, does not purport to be definitive, and it is susceptible to many methodological criticisms. Nevertheless, we can use more investigations of this character and of the type conducted by Professor Fegiz' Institute of Public Opinion (DOXA). For, to the extent that the above findings describe a general phenomenon, they enlighten us about the nature of the political community in Italy. If party stands on such issues as clericalism, East German riots, NATO, industrial nationalization, etc., are not the critical variables influencing the direction of the vote, some, at least, of the general conclusions that many of us have drawn about Italian society should be seriously reconsidered.

It is not clear whether Miss Grindrod interprets the electoral support for the extreme left as "positive" or "negative" in character. At one point she describes the results of the 1953 elections as a "defiance vote" in which Italians voted for the opposition parties because they were outraged by the amendment to the electoral law forced by the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Christian Democrats. She adds that these same voters nevertheless expected the center coalition to receive 52-53 per cent of the total vote. Later in the volume, she cautions against interpreting the tenacious vitality of Italian communism as merely the result of the voters' disgust with other parties. Instead she says that "It is, in fact, through their ideological appeal—through their offer of a new and non-priest-ridden heaven as well as a new earth—that the Communists have succeeded in inspiring the confidence of many Italians" (p. 96).

There is evidence to support the latter interpretation of Communist prowess. The gains of the party in the south have materialized not in a vacuum but as a result of an early decision by the party's leadership to concentrate its electoral agents in that area. Large numbers of agricultural day laborers and tenant farmers, long and notoriously ignored by Italy's privileged classes, have received their first political education from Communist agitators. The southern Italian may not be a convert to the ideological tenets of international communism. But his support of the Italian Communist Party and of its various trade unions', youth, women's, and cooperative auxiliaries is anything but negatively determined. The categories of appeals which Gabriel Almond has found to motivate Communist Party members in Italy and elsewhere[3] may also apply to those who vote for the party or affiliate with its auxiliaries.

The fact that identification with communism may be positive does not preclude electoral and membership setbacks for the party. Signor Nenni's PSI has already demonstrated that a Socialist party can cohabit for some time with communism without having to fall victim to the infiltrating tactics of the latter. Indeed, Miss Grindrod would appear to support the view that the best hope for Italian democracy lies in the creation of a strong, non-Communist, non-clerical, left-wing alternative to Christian democracy.

It may be that the Italian party system is currently in the midst of a major realignment. Tensions among the Christian Democratic factions identified by Miss Grindrod have increased considerably because of the deterioration of relations between Signor Nenni and Signor Togliatti, and because of talk of a possible reunification of the Nenni and Saragat wings of Italian socialism. It is probable that the Communist Party itself is in serious difficulty. If Gabriel Almond has correctly diagnosed the causes of party disaffection, serious moral pressures on Communist Party militants and followers should result from the party's

[3] Gabriel A. Almond, *The Appeals of Communism*, Princeton, N.J., 1954.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

vague and changing lines regarding de-Stalinization, its support of the USSR's action in Hungary, and its ambiguous attitudes toward Hungary's striking workers. Nenni's party would appear to present the essential and viable left-wing alternative for those who may now wish to leave communism's ranks.

In her later chapters, Miss Grindrod summarizes not only the giant strides in economic recovery taken by Italy, but also touches on the yet unsolved problems of unequal income distribution, extreme economic poverty, overpopulation, and scarcity of basic resources. All of these are topics which have been treated by Italian as well as foreign scholars. Some of them have been less generous than the author in heaping praise on the Christian Democrats for the manner in which they have addressed themselves to the removal of conditions tending to make for political instability in Italian society. In describing the policies of the government since 1948, however, Miss Grindrod brilliantly delineates the vital role as statesman and politician played by Alcide De Gasperi. According to her, many of Italy's political and economical accomplishments were due to the dynamic leadership provided by De Gasperi. His loss is greatly felt by many, although there are Italians, even within the Christian Democratic Party, who hold that, in the interest of appeasing the right wing of Christian democracy, De Gasperi did a good deal of temporizing with basic issues. All would agree, nevertheless, that he proved himself eminently qualified to deal with what was for many years a major threat to Italian democracy from the totalitarian left.

Miss Grindrod concludes, and rightly, that Italy's first decade as a republic, which her book surveys, presents a picture of amazing recovery from the political and economic ravages of fascism and war. She is quick to add that there remain important sources of tension and instability in the society. The fact that the center has successfully warded off threats from the extremes is no reason for concluding that democratic institutions are now firmly grounded: communism is still a menace; a democratic alternative to a Christian democracy that grows paternalistic because the security of its tenure is still wanting; unemployment and underemployment remain extensive; and the socio-economic differences between the north and south continue to be immense and politically unsettling. The future demands more systematic change in the interest of securing democratic institutions. The situation is complicated by the knowledge that changes themselves cannot be wholly effected without the economic and political cooperation of other nations. The need is also great for more research on the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

character of Italian institutions, the group and party processes, the training and recruitment of political and economic elites, the Italian bureaucracy, the obstacles to reform, and the determinants of the political behavior of the electorate—to list only a few of the more obvious areas. Without reliable research findings to go on, programs for salutary change will evolve, if at all, on the dangerous basis of merely impressionistic diagnoses of and prescriptions for the country's ills. Muriel Grindrod's volume capably spells out the character and dimension of several basic problems; more intensive investigation into the issues she raises is now the major need.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE POLITICAL SCENE IN WEST GERMANY

By OTTO KIRCHHEIMER

Ludwig Bergsträsser, *Die Entwicklung des Parlamentarismus in Deutschland* (*Geschichte und Politik*, No. 13), Schloss Laupheim, Ulrich Steiner, 1954, 28 pp. DM 2.00.

Ludwig Bergsträsser, *Geschichte der Politischen Parteien in Deutschland*, Munich, Isar Verlag, 1955, 388 pp. DM 16.80.

Rupert Breitling, *Die Verbände in der Bundesrepublik: Ihre Arten und ihre politische Wirkungsweise* (*Parteien—Fraktionen—Regierungen*, Vol. VIII), Meisenheim, Anton Hain, 1955, 303 pp. DM 23.60.

Theodor Eschenburg, *Herrschaft der Verbände?*, Stuttgart, Deutsche Verlags-Anstalt, 1956, 88 pp. DM 3.80.

Theodor Eschenburg, *Staat und Gesellschaft in Deutschland*, Stuttgart, Curt E. Schwab, 1956, 807 pp. DM 32.50.

Arnold Gehlen and Helmut Schelsky, eds., *Soziologie: Ein Lehr- und Handbuch zur modernen Gesellschaftskunde*, Düsseldorf-Cologne, Eugen Diederichs, 1955, 352 pp. DM 22.50.

Alfred Grosser, *The Colossus Again: Western Germany from Defeat to Rearmament*, New York, Frederick A. Praeger, 1955, 249 pp. $4.75.

Jahrbuch des öffentlichen Rechts der Gegenwart, N.S., Vol. III, Tübingen, J. C. B. Mohr, 1954, 397 pp. DM 52.00.

M. G. Lange, et al., *Parteien in der Bundesrepublik: Studien zur Entwicklung der Parteien bis zur Bundestagswahl 1953* (*Schriften des Instituts für politische Wissenschaft*, Vol. VI), Stuttgart-Düsseldorf, Ring Verlag, 1955, 558 pp. DM 28.20.

Franz L. Neumann, Hans Carl Nipperdey, and Ulrich Scheuner, eds., *Die Grundrechte: Handbuch der Theorie und Praxis der Grundrechte*, Berlin, Duncker & Humblot, 1954, 639 pp. DM 48.00.

Peter Schneider, *Ausnahmezustand und Norm: Eine Studie zur Rechtslehre von Carl Schmitt*, Stuttgart, Deutsche Verlag-Anstalt, 1957 (forthcoming).

Dolf Sternberger, *Lebende Verfassung: Studien über Koalition und Opposition* (*Parteien—Fraktionen—Regierungen*, Vol. I), Meisenheim, Anton Hain, 1956, 159 pp. DM 12.90.

Helmut Unkelbach, *Grundlagen der Wahlsystematik: Stabilitätsbedingungen der parlamentarischen Demokratie*, Göttingen, Vandenhoeck & Ruprecht, 1956, 215 pp. DM 12.80.

AS the miracle of West German recovery must be seen against the background of a world economy on the upsurge, so the almost equally impressive, if less spectacular, political stability of Germany must be viewed within the proper framework—the high priority given to reconstruction, and the severe postwar restrictions on the Germans'

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

freedom of political choice. The beginnings of the Weimar Republic were marked by violent dissension over economic policies, the system of government, and foreign policy. By contrast, the political success of the Bonn establishment has been tied to a relatively small margin of choice, especially since certain major decisions remained within the jurisdiction of the Western powers into the early 1950's. Similarly, German constitutional and political discussions have been essentially a specialists' affair. The as yet undigested past, the partial loss of political autonomy, and the precariousness of the present European balance foster reserved, non-committal attitudes, as does the constant uncertainty about the future political landscape once the partition of the country comes to an end. Hence the widespread skepticism in Germany, which does not contradict but rather supplements the patent yearning for firmly established authority.

Social and economic conditions and the proximity of East German realities set narrow limits to Communist political competition in Western Germany. Communism enters West German discussion only to the extent that opinions have differed as to whether a domestically impotent, but internationally powerful, Communist organization with an extensive East German *Apparat* and ramified, well-financed West German operations should be permitted to function as a legitimate political party. Though it did not root out anguish over the wisdom of political repression, the discerning and searching judgment of the Constitutional Court of August 17, 1955,[1] has disposed of the issue for the time being. It remains an open question whether or in what way the German authorities will differentiate between expression of extremist private opinions, which is permissible, and participation by the Communists in the molding of public opinion, which is not. A penetrating discussion is offered by Helmut K. Ridder in his contribution to *Die Grundrechte*, a systematic study of basic rights under the Bonn Basic Law (pp. 243-90).

While German legal analysis necessarily centers on differences between permissible and prohibited forms of political activity,[2] political scientists focus attention on the phenomenon of political parties operating within constitutional confines. A shrewd observer, Dolf Sternberger, has remarked in *Lebende Verfassung* (p. 86) that the 1946 parties, called upon by the occupation powers to fill a political vacuum in the absence

[1] *Das Verbot der KPD: Urteil des Bundesverfassungsgerichte, 1. Senat, 11 August 1956*, Karlsruhe, C. F. Müller, 1956, pp. 581-746.

[2] Cf. Friedrich August Freiherr von der Heydte, "Freiheit der Parteien," in *Die Grundrechte, op.cit.*, pp. 457-506.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of a state organization, became like stakes rammed into a swamp. Whatever the inherent weakness of their initial position, the parties were the earliest indigenous institutions with a more than local range; the failure, disorganization, and disappearance of traditional German institutions gave them a chance to grab ringside seats. Meanwhile, some of the traditional structures—bureaucratic, educational, technological, and entrepreneurial hierarchies—have returned and solidified. How does this affect the position of the parties? German authors do not explicitly ask the question, but they have contributed some elements of the answer.

A number of monographs have come out of Dolf Sternberger's seminars in Heidelberg. They all—including the more specialized publications—start from one central premise, viz., the desirability of the British government-opposition pattern as it operates within the framework of a smoothly functioning two-party system. The classical parliamentary game—Sternberger never tires of pointing out the essential game character of the government-opposition relationship—is predicated on the assumption that the opposition has the chance and the ability to develop elements of an alternative policy. Consequently, Sternberger and his school look with disfavor and suspicion on roadblocks preventing the emergence of clear parliamentary majorities and obstructing communication between political leaders and the electorate. Extra-parliamentary political hierarchies, proportional representation, and the affinity of political parties and specific interest groups are viewed as obstacles to be investigated, exposed, and disposed of.

Although these analyses are cut short when they begin to cast doubt on the preordained objectives, their approach has brought incidental rewards. Sternberger's detailed exposition and a minute inquiry by one of his pupils[3] have yielded scores of interesting distinctions and differentiations. The main theme relates to the effects of coalition governments: arbitrariness, waste and, at times, shift of leadership and personnel decisions to the party caucus. However, the authors have failed to show that a two-party system would not suffer similar deformities; in fact, it has. By and large, the discussion emphasizes the need for changing the existing election system, which, although it injects elements of local preference and personal rather than exclusive party competition, is still essentially based on proportional representation.

Opponents of this election system, recently fortified by the mathematician, Helmut Unkelbach, did not sway a government-appointed study

[3] Goetz Roth, *Fraktion und Regierungsbildung* (*Parteien—Fraktionen—Regierungen*, Vol. III), Meisenheim, Anton Hain, 1954, esp. p. 156.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

commission[4]—which came up with, at best, non-committal conclusions —or the federal legislators. The recently enacted election law retains the essentially proportionalist features formulated in 1949 and 1953, even though it adds more safeguards against the emergence of splinter groups. But it is not likely that scuttling proportional representation would change the political pattern or, specifically, that it would establish once and for all a two-party system, the fata morgana of many German political scientists.[5]

This estimate is in line with the findings of Max Gustav Lange in a concluding contribution to *Parteien in der Bundesrepublik*, a careful and detailed inquiry into the history, program, and organization of both major and minor German parties undertaken by a group of scholars

[4] *Grundlagen eines deutschen Wahlrechts: Bericht der von Bundesminister des Innern eingesetzten Wahlrechtskommission*, Bonn, Bonner Universitätsdruckerei, 1955.

[5] The federal election of 1953, which gave the Christian Democratic Union (CDU) a near-majority of popular votes, was a personal success of a statesman of stature rather than an expression of a clear-cut preference on the part of the voters for two parties only. Municipal elections held in November 1956, the outcome of which, in national importance, may well be compared with the 1953 returns, have revealed a marked drop in CDU popularity, paralleled by strong gains for the Social Democratic Party (SPD); they do not, however, portend the melting-away of the voting strength of those two minor parties which continue to be more than mere satellites of the reigning CDU, i.e., the Free Democratic Party (FDP) and the Expellee Party (BHE). Figures for North Rhine-Westphalia will illustrate the point:

		1953	*1956*
Per cent voting		86.0%	76.8%
Party vote as percentage of total valid votes:			
	CDU	48.9	38.2
	SPD	31.9	44.1
	FDP	8.5	9.6
	BHE	2.7	2.8
	KPD	2.9	—
	Others	5.1	5.3
	Total	100.0	100.0

The German voter today is not much more willing to put all his eggs into one or two baskets than he was in the early days of the two preceding regimes. (In January 1919, the SPD polled 38 per cent of the popular vote; in March 1933, Hitler's party, helped along by incipient terror, marshaled 44 per cent of all votes cast, while 56 per cent went to four other major or medium-sized groups.) Each of the two major parties now seems to oscillate around 40 per cent, but the quickly changing foreign policy situation, effects of the recently enacted pension legislation, and other dangers inherent in the fact that the country is on the crest of a wave of prosperity may bring about new shifts, establishing again—as in 1953—a clear-cut pattern of voter preference among the major parties. However, the minor parties are likely to continue to share the remaining 20 per cent. At least two minor parties appear to stay in the running, which makes it more difficult for either of the major parties to emerge with a parliamentary majority. What may be expected to happen in the fall of 1957 is either continuation of the present type of coalition—i.e., collaboration of one major party with one or two minor parties—or the novelty of a coalition formed by the two major parties.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

connected with the Berlin Institut für politische Wissenschaft. A progressive predominance of pragmatic over ideological motivations is clearly delineated by the factual information piled up by the authors. This appears as the basic trend when Klaus Schütz deals with the traditional German working-class party, the SPD, and the gradual fading of its faint Marxist coloration; or when Gerhard Schulz discusses the CDU, an interdenominational catch-all of "Christian" politics, which he describes as an "artful technical medium for the bridging of social cleavages" (p. 146). In the latter case, an interest market is barely hidden behind the screen of emphatically endorsed ideologies and uncontested leadership groups. The traditional *Weltanschauungspartei* has been undergoing a fundamental transformation.

Though our knowledge of the social complexion of party elites, as personified in the parties' parliamentary groups, is still rudimentary,[6] some major facts are sufficiently obvious to have been brought out in recent German writings. The intellectual—or his German counterpart in nineteenth-century parliaments,[7] the career judge or career administrator—has become almost extinct in twentieth-century German parliaments. Present-day legislatures show a built-in structure of interest representation within the parties' parliamentary groups. As interpenetration continues, it will be difficult to disentangle the respective shares, within the individual groups, of career politicians and delegates from organized interests. Reciprocal permeation of parties and interest groups is one of the reasons why the influence of ideological factors is dwindling. At the same time, it serves to keep within bounds the impact of cliques and coteries, which, as Professor von der Heydte has noted, still play a significant role in a country where relations of mutual trust often depend on experience shared in a Third Reich office, the anti-Nazi underground, exile, or a prisoner-of-war, concentration, or denazification camp.[8] Allegiance to interests of major social groups minimizes

[6] A few German publications dealing with these aspects have barely scratched the surface. A major inquiry by A. R. L. Gurland, which will be published in this country, expands the scope of an investigation previously undertaken in connection with a detailed empirical study of postwar German election processes. Cf. A. R. L. Gurland, ed., and Stephanie Münke, *Wahlkampf und Machtverschiebung: Geschichte und Analyse der Berliner Wahlen vom 3. Dezember 1950* (*Schriften des Instituts für politische Wissenschaft*, Vol. 1), Berlin, Duncker & Humblot, 1952. See also the forthcoming Vol. VII of the same series, W. Hirsch-Weber and K. Schütz, *Wähler und Gewählte: Eine Untersuchung der Bundestagswahlen, 1953*, Frankfurt a.M., Vahlen, 1957.

[7] Lenore O'Boyle, "Liberal Political Leadership in Germany, 1867-1884," *Journal of Modern History*, XXVIII, No. 4 (1956), pp. 338-352.

[8] Friedrich August Freiherr von der Heydte and Karl Sacherl, *Soziologie der deutschen Parteien*, Munich, Isar-Verlag, 1955. The senior author's low opinion of *Cameraderie* (p. 303) is not, however, based on a search for rational forms of political organization,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

such factors as it pushes to the foreground rational considerations growing out of everyday work relationships. A new balance between political tradition and day-to-day pursuits emerges; survival chances of islands of hatred and resentment are on the downgrade.

Every German group carries a definite "interest coloration," to borrow a term coined by Sternberger and used frequently by Rupert Breitling in *Die Verbände in der Bundesrepublik*. How are the practices of political and interest groups affected by this interpenetration? No German Pendleton Herring or David B. Truman has so far supplied the answer. Breitling's book outlines parts of the organizational frame for the political activities of various interest groups, helpfully including church groups, damage claimants' groups, and some philanthropies, but omitting most of the relevant information on the far more important industrial groups.[9] No attempt has been made to follow up the effects of this politics-interest group permeation on the legislative and administrative process.

A more ambitious work by J. H. Kaiser[10] treats interest groups on the ideological level, following Carl Schmitt's conceptual realism.[11] While

---

but expresses Romanticist nostalgia for genuine intimacy and warmth of human relations, scarcely, according to him, to be found in political life. The empirical material in the study is largely secondhand. But, everything considered, the book, conceived as an introductory survey of sociological elements in the parties' contribution to democratic government, substitutes for a missing general textbook.

[9] In the absence of scholarly studies of organized business interests, three bulky volumes by a business news analyst and radio commentator, Kurt Pritzkoleit, have attracted attention: *Männer, Mächte, Monopole: Hinter den westdeutschen Wirtschaft*, Düsseldorf, Rauch, [1953]; *Bosse, Banken, Börsen: Herren über Geld und Wirtschaft*, Vienna-Munich-Basle, Desch, [1954]; and *Die neuen Herren: Die Mächtigen in Staat und Wirtschaft*, Vienna-Munich-Basle, Desch, [1955]. Although Pritzkoleit is only superficially acquainted with the political setup, these books at least give a wide-range view of more recent changes in industrial organization, corporate interlocks, and organized industrial interests. The true nature of the tie-up between these groups and the parties remains to be studied.

[10] J. H. Kaiser, *Die Repräsentation organisierter Interessen*, Berlin, Duncker & Humblot, 1956.

[11] As German political and constitutional thinking continues to pay heavy tribute to the thought processes of Carl Schmitt, the appearance of Peter Schneider's *Ausnahmezustand und Norm* (*op.cit.*), which Dr. Schneider was kind enough to make accessible to me in proof, may be considered one of the most encouraging signs on the German intellectual horizon. In its long-range literary impact, it may be presumed to overshadow much of present-day writing. Schneider scarcely deals with Schmitt's intellectual sources and only by implication draws attention to the relation of his literary output to the various periods of his intellectual and political affinities. Instead, he concentrates with admirable energy and incisiveness on rebuilding a coherent picture of Schmitt's theoretical and doctrinal edifice, examining both its degree of internal consistency and coherence and its underlying value structure. The lack of any clear-cut criteria for differentiating between *nomos* and violence, the discrepancy between the traditional liberal concepts of classical international law and the decisive rejection of an *artfremd* and disintegrating liberalism as part of the domestic constitutional order, the brooding

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Kaiser has included a fascinating essay on the primordial role of the churches in the early postwar years, he does not inquire into the functioning of interest groups under the German political system. The treatise leans heavily on the familiar literary concept of antinomy between state and society; parties are conceived as state custodians commissioned to fend off the onslaught of interest groups, but by implication subject to doubt as to their fitness for this mission. The author accurately retraces the development of interest representation from class and estate concepts to modern patterns, but he fails to see the logical inference when he unfolds the theme of the general strike. He pays no heed to the fact that organizations with millions of members are no less interested in avoiding conflict than are representatives of constituted authority—as shown, for example, by the attitude of labor unions under the Bonn regime.

Once interest groups have become the most important of the parties' permanent clients, the parties' attitudes toward enrolled members and prospective voters are subject to change. German writings on party structures have devoted a great deal of attention to "oligarchic" tendencies. When even in parties such as the SPD, with a traditionally high proportion of enrolled members, veterans are not easily replaced with young blood, relationships among the party machine, the rank and file, and the public at large grow tenuous. With only 3 per cent of the voters enrolled in parties, the average citizen as a rule enters the political arena only indirectly, through affiliation with interest groups.[12] His is only an election-day choice between party machines whose conduct he neither influences nor seeks to influence. Lange in the aforementioned study and Otto Stammer[13] in a skeletal discussion of political trends view this development as a considerable flaw in the German political system.

Whatever the implications of political professionalism, I doubt that

---

omnipresence of the people's constituent power and its incapacity to act as a constituted organ, the indeterminate character of the values underlying concrete decisions, and the conjunction of a relativistic openness to a variety of historical interpretations with an ever-present negation of the rule of law, are unfolded step by step. Schneider pays tribute to both the intellectual and the literary qualities of Schmitt's work, but he nevertheless shows how his exclusive orientation toward his eternal enemy, the *Rechtsstaat*, makes for the same grandiose one-sidedness and remoteness from reality which would pervade his eternal counterpart, a purely individualistically conceived legal order.

[12] "Participation in the political life of the nation takes place in a subsidiary way, through social activities pertaining to other societal, not primarily political, spheres," says Erich Reitgrotzki, *Soziale Verflechtungen in der Bundesrepublik*, Tübingen, J. C. B. Mohr, 1956, p. 73.

[13] Otto Stammer, "Politische Soziologie," in Gehlen and Schelsky, eds., *Soziologie*, *op.cit.*, pp. 256-312.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

absence of the voter's direct action on the party organization can be construed as a source of latent conflict between the parliamentary group seen as the legitimate vehicle of political decisions, on the one hand, and the party leader running the party machine, on the other. Rudolf Wildenmann's provocative study[14] of the role of parliamentary groups within the major parties, which tends in this direction, is not altogether convincing, as the author sees the solution to most problems in a cure-all for political ills: elimination of proportional representation. That party leadership "protrudes," as he puts it, into the parliamentary group—a perfectly normal procedure under a parliamentary system—is no indication as to who makes what decisions. Whatever the setup—which only study of a party in operation could disclose—it is hard to see how a change in the election procedure could radically reverse ingrained social and political patterns. In the unruffled waters of the Bonn political establishment, the major parties, the CDU and SPD, maintain a routine division of labor as between day-to-day political chores, handled by the parliamentary group, and organization and propaganda, handled by party staff technicians. The party leadership, while concentrating more on the political task at hand, holds the reins of both operations, which frequently overlap. In more decentralized parties without authoritative national leadership—for example, the FDP—both the regional party federations and factions within the parliamentary group tend to act as rather autonomous groups; whenever there is conflict and dissension, all levels are likely to be affected—without a specific clash between "leadership strata" and legislators.

Interest connections provide an organizational and often a financial basis for party operations. But they do not take the place of the parties' contest for voters. To this extent, all German parties today are of necessity "integration parties," i.e., potentially democratic mass organizations. This determines their constitutional status; it also makes them different from their nineteenth-century predecessors. Important though all this is, it should not obscure the fact that party contest in present-day Germany is a very orderly affair, almost as orderly as competition in the German cartel-dominated "free market economy." There is no intense interest in routine political activities;[15] the citizen apparently is satisfied

[14] Rudolf Wildenmann, *Partei und Fraktion: Ein Beitrag zur Analyse der politischen Willensbildung und des Parteiensystems in der Bundesrepublik* (*Parteien—Fraktionen—Regierungen*, Vol. II), Meisenheim, Anton Hain, 1954.

[15] Attitudes elicited in opinion polls are discussed in Elisabeth Noelle, *Auskunft über die Parteien*, Allensbach, Verlag für Demoskopie, 1955. Respondents who were asked in March 1955, "Do you sometimes discuss politics?" replied (Table 11): frequently, 17 per cent; occasionally, 37 per cent; never, 46 per cent. Familiarity with political events

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with having recorded his political preference at the polls, filled in an opinion questionnaire, or perhaps even submitted personal problems to his representative in parliament.[16] So long as this attitude does not change, it is easy to preserve cohesion within the parties[17] and maintain a more or less amiable tone in relationships among them, regardless of whether or not they are pitted against each other as government and opposition. To explain the wide range of political consensus, it would be logical to turn to the general characteristics of Germany's contemporary situation. German sociologists are inclined to insist, in addition, on what they—prematurely, if in harmony with widely accepted thought patterns—like to call a "homogeneous middle-class society."[18]

In establishing consensus, the contribution of media of communication merits attention. Some excellent observations will be found in Alfred Grosser's highly commendable over-all account of postwar German developments, *The Colossus Again* (esp. pp. 173ff.); for down-to-earth conclusions pointing to a pluralism of organizations as the most realistic guarantee of freedom of opinion, the reader will consult with profit a recent inquiry by Theodor Eschenburg, *Staat und Gesellschaft in Deutschland* (esp. p. 396). Well up to par in comparison with that of other European countries, the German public's access to socio-economic and political information is modified by three interrelated factors. German newspapers are influenced in different ways: mildly, by government favors and funds; more pervasively, by the interests of backers and advertisers, and the publishers' concerted reluctance to expose readers to controversial comment; and, quite thoroughly, by the natural propensity of the public opinion industry to cater primarily to the readers' entertainment at the expense of free, but possibly unwanted, political and economic education. Only *Der Spiegel*, the Hamburg weekly, keeps supplying—in a special and obviously well-received concoction—intentionally accented political criticism which captivates

---

in May 1954 was indicated in the following breakdown (Table 14): well-informed, 8 per cent; some degree of knowledge, 34 per cent; poorly informed, 58 per cent.

[16] This description is offered by the Nestor of German party historians and parliamentary old-timer, Ludwig Bergsträsser, in *Die Entwicklung des Parlamentarismus in Deutschland, op.cit.*, esp. p. 28. A concise history of German political parties—little concerned with their structure and social complexion—has been brought up to date in the 1955 edition of Bergsträsser's *Geschichte der politischen Parteien in Deutschland, op.cit.*

[17] Heinz Markmann, *Das Abstimmungsverhalten der Parteifraktionen* (*Parteien—Fraktionen—Regierungen*, Vol. v), Meisenheim, Anton Hain, 1955.

[18] Cf. Siegfried Landshut, "Die Gegenwart im Lichte der Marxschen Lehre," in *Hamburger Jahrbuch für Wirtschafts- und Gesellschaftspolitik*, Vol. 1, Tübingen, J. C. B. Mohr, 1956, pp. 42-55; and Helmut Schelsky, "Haben wir heute noch eine Klassengesellschaft?", *Das Parlament*, No. 9 (February 29, 1956), p. 76.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the reader by alleged "inside" information about the less appealing facets of German politics, with slightly salacious human interest stories increasing the sales appeal. In a way, this is a substitute, however imperfect, for parliamentary committees of investigation, which the far-reaching harmony in Bonn does not seem to nurture.

Centralization of administrative power is well under way, newly re-enacted for the third time in forty years, in accordance with the needs of a thoroughly centralized industrial organization and a largely homogeneous political community. Consecutive stages of administrative unification have been attentively examined by Arnold Köttgen.[19] Re-emergence of centralized administrative law—even when implementation is left to the states—is shown to be the result of close cooperation between the parties and the upper-level bureaucratic machine. State administrations, deviating from some Weimar precedents, do not engage in independent political or social action; the job of surviving as semi-autonomous bureaucratic entities is tough enough as it is. They rarely interfere on the federal level unless their special interests are affected or their services are commandeered by the national leadership of the parties they represent.

The federal administration has become the prime mover in political action. The most penetrating and revealing chapter in Eschenburg's important volume (which is partly descriptive and partly analytical) deals with this subject. Two equally nefarious practices are exposed: (1) the past tendency toward maximizing government action; and (2) the present danger of minimizing it by way of downgrading the government structure to the level of a "federation of united interest groups [*Verbände*] and churches and county and city republics," as the author puts it in another contribution, *Herrschaft der Verbände*? (esp. p. 87). Pressure emanating from this "by-state" [*Nebenstaat*] makes political leadership an arduous, perhaps a hopeless, undertaking. Political leaders in a democracy, Eschenburg reasons, should be free to make "objectively necessary" decisions without being bulldozed by interest group pressure, and higher-level career officials as impartial experts should counterbalance the never-ending onslaught of special pleading.

The "objective" nature of decisions presumably based solely on the merit of the issues involved is subject to doubt, particularly in view of the controversial record of achievement of the statesmen referred to by

[19] Arnold Köttgen, "Der Einfluss des Bundes auf die deutsche Verwaltung und die Organisation der bundeseigenen Verwaltung," in *Jahrbuch des öffentlichen Rechts der Gegenwart, op.cit.*, III, pp. 70-147.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Eschenburg as exemplary: Ignaz Seipel, Friedrich Ebert, and Heinrich Brüning. It may well be argued, for example, that circumstances did not "objectively" call for Brüning's policy of deflation, and that effective interest pressure in favor of a speedy reversal of deflationary trends might have resulted in some measure of business revival to the benefit of forces other than Hitlerism. With a "statesman" who listens only to civil service technicians, the margin of error may be as fatal as with the "politician" who draws a diagonal from combined group pressures. Neither technique is foolproof; depending on conditions, either one may prove salutary or disastrous. Against the background of the nihilistic folk-leader concept embedded in Germany's past, and in face of the vigorous upsurge of group interests—which German writers are prone to disparage à la Hegel as pernicious "blind forces of society"—leadership and officialdom are all too readily given credit for rationality, superior insight, and natural responsiveness to "objective" processes.

As far as German officialdom is concerned, recurrence of the fatal chain of criminal command and its corollary, voluntary or enforced execution of criminal orders by obedient civil servants,[20] appears no longer to be a pertinent issue. However, there has been no incisive change in the social antecedents and recruitment principles of the civil service. In *Staat und Gesellschaft in Deutschland* (p. 590), Professor Eschenburg confirms that parliamentary control of expenditures has become as problematical in Germany as it is in other states where politicians are more interested in securing advantages for particular groups than in keeping tabs on the administrative machine.

Does this mean that the officialdom of the Federal Republic answers the trenchant description of its Weimar predecessors in the excellent and perhaps definitive analysis of the disintegration of the pre-Nazi state by Dr. Bracher?[21] Does bureaucracy again present a picture of technical efficiency coupled with complacency, gross undervaluation of all social and political factors, and increasing disregard for the political heads of administrative departments? Such attitudes, as Dr. Bracher shows from ample evidence, tend to result from erosion of political authority and unbridgeable cleavages in the social structure. But the establishment of a broad basis of consensus and the ensuing stability of political and constitutional patterns have radically altered the interrelationship of political leadership and higher-level bureaucracy. Today

[20] The past history of the problem is surveyed in Herbert von Borch, *Obrigkeit und Widerstand: Zur politischen Soziologie des Beamtentums*, Tübingen, J. C. B. Mohr, 1954.

[21] Karl Dietrich Bracher, *Die Auflösung der Weimarer Republik: Eine Studie zum Problem des Machtverfalls in der Demokratie* (*Schriften des Instituts für politische Wissenschaft*, Vol. IV), Stuttgart-Düsseldorf, Ring Verlag, 1955, esp. pp. 174ff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the top strata of the civil service expect and accept guidance from party leaders, who are universally recognized as the legitimate bearers of governmental authority and certainly are no longer chosen as targets of derision and hatred. Moreover, it has become customary, as Eschenburg points out with good reason (p. 757), to staff top civil service positions only one or two steps removed from the agency head with political appointees rather than with civil service technicians up for promotion; this practice reinforces political control and extends it in depth.

Adjudication of constitutional disputes is another postwar innovation that enhances popular acceptance of the new order, though it may seem costly in terms of time, effort, and routine efficiency. The welfare state—advertised in a more metaphysical vein as *Daseinsvorsorge* (providential care for the contingencies of life)—inches forward, garbed in legal procedures that safeguard the citizens' claims for past and present service or injury. The crowning edifice of these structures, servicing an interest cluster that I have termed a "universe of claims,"[22] is the Federal Republic's Constitutional Court. Legislative or administrative acts affecting particular interests may now be tested in court in the light of the Basic Law; moreover, controversial issues dividing high organs of governmental authority, disputes between federal and state governments, and conflicts between government bodies and political groups are settled through Constitutional Court channels. Julius Federer's systematization of the Court's judicature[23] indicates how much ingenious thought went into the development of a coherent body of constitutional jurisprudence which frequently has a bearing on political problems.

No one can predict how rulings of the Constitutional Court would affect the political equilibrium if consensus disintegrated and serious dissension arose within the body politic in the guise of a constitutional controversy over legal equality, the constitutional property guarantee, or the meaning of *sozialer Rechtsstaat*, which the Bonn Republic is presumed to be under Section 20 of the Basic Law. The jurists' writings abound in interpretations of such enigmatic provisions. At one extreme, there is Werner Weber's sweeping contention that the property guarantee may be invoked against extensive statutory labor participation in management, or against confiscatory progression in tax rates, or against

[22] Cf. Otto Kirchheimer, "Notes on Western Germany," *World Politics*, VI, No. 3 (April 1954), pp. 306-21.

[23] Julius Federer, "Die Rechtsprechung des Bundesverfassungsgerichts zum Grundgesetz," in *Jahrbuch des öffentlichen Rechts, op.cit.*, III, pp. 15-16.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

inflation financing.[24] At the opposite pole, one finds H. P. Ipsen's cautious and reserved appraisal of judicial possibilities inherent in equality-before-the-law provisions.[25] Gradually evolving patterns of court-sanctioned interpretation may assume importance in practical politics. Thus far the Constitutional Court has undergone some sniping, but has not encountered insuperable objections when basing its value preferences on policy considerations instead of concealing political reasoning behind legal exegesis and comparison of texts. This could be habit-forming. In an era of lesser contentment and satiety, the Justices of the Constitutional Court will perhaps have a chance to act as community referees and win the community's toleration of contested legislation instead of issuing unenforceable rulings as a formal authority of last resort.

Over-all aspects of present-day Germany's political institutions closely resemble those of other highly industrialized countries of the West. The outstanding features are: increasing administrative centralization to meet the social and organizational needs of mass society; a progressive interpenetration of interest groups and political organizations, accompanied by a high degree of professionalization in politics; and the interstitial and indirect character of popular interest in political life. In Germany, in addition, the absence of any noteworthy opposition of principle to the present regime has permitted the building-up of an impressive apparatus for the juridical defense of individual and group claims. Quite a number of German authors lean backwards in emphasizing those trends that gnaw away at community cohesion rather than those that tend to protect the individual or the group.[26] To the outside observer, those very same elements of the postwar pattern suggest that, for better or for worse, the Federal Republic has effectively joined the Western community, sharing both the advantages and the crucial problems of its institutional arrangements.

[24] Werner Weber, "Eigentum und Enteignung," in Neumann, Nipperdey, and Scheuner, eds., *Die Grundrechte, op.cit.*, pp. 331-99; esp. pp. 355ff.

[25] Hans Peter Ipsen, "Gleichheit," in *ibid.*, pp. 111-98; esp. p. 190. For the concept of *sozialer Rechtsstaat*, see Wolfgang Abendroth, "Zum Begriff des demokratischen und sozialen Rechtsstaates im Grundgesetz der Bundesrepublik Deutschland," in Herbert Sultan and W. Abendroth, *Bürokratischer Verwaltungsstaat und soziale Demokratie*, Hanover-Frankfurt, Norddeutsche Verlagsanstalt Gödel, 1955, pp. 81-102.

[26] This fits in with the ideological heritage which still to a considerable extent obscures perception of reality in German social and political science; see note 11. For a discussion of part of this legacy, see A. R. L. Gurland, *Political Science in Western Germany: Thoughts and Writings, 1950-1952*, Washington, D.C., Library of Congress, 1952.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

APPROACHES TO THE PROBLEM OF POLITICAL DEVELOPMENT IN NON-WESTERN SOCIETIES*

By S. N. EISENSTADT

David E. Apter, *The Gold Coast in Transition*, Princeton, N.J., Princeton University Press, 1955, 355 pp. $5.00.

Georges Balandier, *Sociologie actuelle de l'Afrique noire, dynamique des changements sociaux en Afrique centrale*, Paris, Presses Universitaires de France, 1955, 510 pp. 1800 francs.

Hugh Borton, *Japan's Modern Century*, New York, The Ronald Press, 1955, 524 pp. $7.00.

Chung-li Chang, *The Chinese Gentry: Studies on Their Role in Nineteenth-century Chinese Society*, Seattle, University of Washington Press, 1955, 250 pp. $5.75.

Developments Towards Self-government in the Caribbean. A symposium held under the auspices of the Netherlands Universities Foundation for International Cooperation at the Hague, September 1954, The Hague, W. van Hoeve, Ltd., 1955, 285 pp. n.p.

Rupert Emerson, *Representative Government in Southeast Asia*, issued under the auspices of the Institute of Pacific Relations, Cambridge, Mass., Harvard University Press, 1955, 197 pp. $3.50.

Ralph L. Powell, *The Rise of Chinese Military Power, 1895-1912*, Princeton, N.J., Princeton University Press, 1955, 383 pp. $6.00.

THE study of non-Western societies, of so-called "underdeveloped" countries, and of their change and "Westernization" has long been a topic of central interest in the literature of the social sciences. Until very recently, however, it was the economist dealing with problems of "development," or the constitutional lawyer dealing with the transition from colonial to independent status, who produced most of the systematic studies in this field. True, one could always find interesting journalistic reports which utilized various sociological concepts in discussing the problems of these countries, and there were some historians—albeit very few—who applied tools of sociological analysis to the emergence of modern patterns of social and political organization. Norman's *Japan's Emergence as a Modern State*, published in 1940, is an excellent example of the latter approach.

In recent years, however, anthropologists, sociologists, political scien-

* This article was written at the Center for Advanced Study in the Behavioral Sciences, Stanford, Calif.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tists, and "social-science oriented" historians have begun to concern themselves with these problems, applying to them the analytical tools of their disciplines. The study of change and modernization in non-Western countries is a very important testing ground for these disciplines. Are the analytical tools and techniques of the social sciences adequate to deal with them? Can they add anything to the insight of the historian or the gifted journalist?

The analysis of non-Western societies provides a new, specific problem for the social sciences. Most of the studies of total societies undertaken by these sciences have heretofore been limited either to primitive tribes or to modern European societies. In the latter field there have not been, for one reason or another, as many notable successes as in the former.

The social sciences have not, until lately, come to full grips with the problems of analysis of historical societies, and most of the significant work in this field has been done by sociologically oriented historians, the best examples of which are provided by the French school—Marc Bloch, Sagnac, etc. But a rapprochement between the historian and the social scientist seems to be in the offing—at least in regard to the analysis of Western countries. Will the same rapprochement be possible in work on non-Western societies?

These questions do not admit of easy answers. The systematic study of non-Western countries is still in its beginnings, insofar as sociological analysis is concerned. But some tentative answers and some promising use of sociological concepts can be found in the existing literature. The books reviewed here provide a representative sample of various current approaches to these problems.

I

The books can be roughly classified in the following way: Those by Emerson and Apter and the symposium on the Caribbean deal expressly with problems of transition from colonial to independent status. Balandier's work treats problems of change and transition within the scope of a colonial society. The volume by Borton is a historian's reappraisal of the development of modern Japan, with emphasis on the problems of establishing democracy in that country. The books by Chang and Powell, although mainly historical-sociological studies of Chinese society in the nineteenth and twentieth centuries, contain some very interesting analyses of the problems of change.

From the point of view of "disciplinary approach," the Emerson volume can be called a treatise in systematic political science, that by

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Apter a systematic sociological analysis, that by Balandier a sociological-anthropological analysis. The symposium on the Caribbean contains a variety of approaches, mostly at the descriptive level.

In considering the first group of books—those by Apter, Balandier, Borton, Emerson, and the symposium on the Caribbean—we may best start with the ways in which they formulate their problems. The symposium is divided into three parts—the first dealing with constitutional developments, the second with a sociological analysis of political situations, and the third with policies adopted for the fulfillment of national aspirations. The first and third parts are almost entirely descriptive, with only a few analytical *Problemstellungen*. In the second, some of the papers touch on certain analytical problems, especially the paper by Colin Hughes, "Power and Responsibility: A Sociological Analysis of the Political Situation in British West Indies." It includes interesting observations on the structure of politics in the British West Indies, on the looseness of the party structure, and on the relative lack of responsibility of many of the deputies. This paper, like the others in the symposium, contains significant factual information, but it is difficult to discern any systematic approach or analysis—except for some of the usual assumptions about the importance of education, responsible leadership, and the like. In a way, this symposium represents the traditional descriptive approach, focused largely on current constitutional and organizational problems.

The problem to which Emerson addresses himself is formulated in a much more systematic fashion. It concerns the conditions which may facilitate, or hinder, the development and effective functioning of representative systems of government in Southeast Asian countries. He fully acknowledges that the problem is not a constitutional or formal one, although he rightly indicates the significance of the fact that most of these countries, upon reaching independence, have adopted some sort of Western-type constitutions and institutions. Rather, the problem is: what are the political, economic, and social conditions that may help in the development and stabilization of such institutions?

Emerson notes that some of the social conditions usually connected with a successful representative system—economic development, the existence of a thriving middle class, a long tradition of self-government, and so forth—have been lacking in these countries. Yet in many of them some types of representative institutions have until now managed to survive, although perhaps in a somewhat different form than in Western countries and although their survival is not assured. Emerson investigates some of the factors that have contributed to this survival

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in certain countries and that have hampered it in others. But while he mentions several types of social forces—such as the relation of the Westernized elite to the masses and the organization of trade unions—the *Problemstellung* and the analysis are very much influenced by the traditional, formal approach to political institutions.

There is relatively little attempt in this study to analyze the meaning of representative institutions in terms of the social institutions of the society, the type of social attitudes and forces that their functioning demands, etc. Because of this, and despite the full acknowledgment that it would be unwise to judge these institutions by Western standards, most of the sociological assumptions and examples are greatly influenced by Western experience. Instances of this are Emerson's emphasis on the importance of the traditional type of trade unions and on the problem of literacy. Thus, the analysis is limited, but the book is stimulating and, within the limits of a somewhat formal approach, genuinely systematic.

It is from the point of view of an explicitly sociological *Problemstellung* that Apter's and Balandier's books can be singled out. Both deal with what may be called "global" changes in traditional (tribal) societies under the impact of colonization. Balandier's book contains a comparative analysis of two African societies—Fang of Gabon and Ba-Kong of the French Congo—and discusses the ways in which their traditional systems disintegrated under the impact of the colonial situation and the various attempts at reintegration at different levels. Among these attempts, tribal-nativistic, religious-messianistic, and nationalistic movements are given special attention. As compared with many other anthropological studies, the value of this approach is that it not only deals with single aspects of the contact situation, such as detribalization and occupational changes, but also tries to integrate them by an analysis of the changes in the total society through its patterns of change and attempts at reintegration.

Apter's book has a similar approach, but it focuses on one main problem, comparable to that with which Emerson deals: the conditions necessary for the institutionalization of a democratic (representative) system in the Gold Coast. His emphasis is mainly on the problems of transfer of government from Britain to the nationalistic movement and on the influence of these problems on the institutionalization of a democratic regime. He defines some aspects of the problem in the following manner: "The degree of institutionalization ultimately means, in a democratic system, the degree to which the public creates and supports sanctions relating to the norms of political democracy. The prob-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lem of institutional transfer is thus not merely the creation by order in council of a series of political structures such as a parliament, an office of the prime minister, and a cabinet. Rather, the concern here is with the behavioral consequences of setting up these structures in an environment for which there is little meaningful indigenous counterpart. These transplanted structures are not only vehicles for the transporting of government business; they are also orientational foci around which the reintegration of society can develop. The structures themselves become a part of the general range of valued beliefs in the social system. They become operational points for social change" (pp. 9-10).

Borton's book deals with what is essentially the same problem, although it is stated more from the historian's point of view. In his words: "In general this book presents Japan's modern transformation as a narrative, interpreting and analyzing the forces which brought about this change. Since the formative influences, whether political, economic, social, or international, varied in their intensity throughout the different periods, these forces are emphasized in proportion to their shifting importance" (p. v).

II

How do these various books attack their problems—problems which are, as we have seen, much alike though stated in different terms? Does the *Problemstellung* affect the analysis, and in what ways?

The first, and most important, way in which the analysis is affected can be found in the manner of dealing with the specific problem which, for the most part, they all recognize as crucial—namely, the identification of the forces within the traditional society and within the transitional situation that help or hinder the stabilization of democratic, representative institutions. Here we find that the more explicit the analytical-sociological approach, the more rewarding the analysis. This is not because of any inherent virtue in sociological terminology, but because of the ability of such an approach to identify some of the most crucial points for the problems discussed. Apter's definition of the problem as the institutionalization of certain patterns of behavior and organization which were promoted by a charismatic-nationalistic movement enables him to analyze the recent developments in the Gold Coast from the point of view of some crucial aspects of social dynamics. He shows that "Charisma is initially dysfunctional to the maintenance of traditional systems of authority, and initially 'eufunctional' to the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

development of secular systems of authority. In the long run, however, maintenance of charismatic authority is dysfunctional to the maintenance of secular systems of authority . . ." (p. 303). "Provided that it is used and controlled within the structural model of parliamentarianism, in which role definition and substantive norms of a different kind from those of charisma—norms of critical rationality, secularity, political representation via conciliar decision-making structures, public responsibility—are actually operative, charisma tends to make possible a viable central political system in what was hitherto an artificial territory" (p. 306).

By this approach, Apter is able to evaluate, in a more dynamic way, some of the factors which are discussed by Emerson. The problem of the depletion of the local elite through attraction to the cities, the problems of economic development and of development of nationalistic movements and party organizations, are placed in a wider setting. He shows that, whereas at one stage in the development of charismatic leadership and movements certain factors such as a strong anti-traditionalist orientation and the personality of the leader may be points of strength, these same factors may become points of weakness at the stage of transition to the institutionalization of a democratic society. Especially pertinent are his analyses of the functions of the British Civil Service. These functions consist not only in the establishment of impartial and sound administrative traditions, but also in the Civil Service's ability, by serving as a scapegoat, to ease many of the tensions inherent in the transition from a charismatic to an institutional setting. He also demonstrates that although economic development is a necessary precondition of the institutionalization of new patterns of government, it may nevertheless become a negative factor through the monopolization of economic power by the political elite. While Emerson's book is richer in comparative data and historical background material, Apter brings out in full some of the advantages of an explicit, sociologically systematic statement of problems of which the above are but a few illustrations. While his interest is confined mainly to the Gold Coast, the way in which he analyzes its problems can be applied to other post-colonial countries. It is to be hoped that we will have similar studies of such countries as India, Ceylon, Burma, and Indonesia to serve as a basis for comparative analysis.

From this point of view, Balandier's book is no less rewarding, although it differs in many respects from Apter's. Unlike *The Gold Coast in Transition*, it does not have a single explicit focus; it is much more concerned with continuous dynamic changes and attempts at reintegra-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion among the tribes with which it deals. But because of this, it is able to treat many more aspects than does Apter's book—such as various factors of urban life, economic organization, and modernization upon which Apter touches only lightly. The important achievement of Balandier is that, on the whole, he succeeds in organizing these various aspects around the central problems of reintegration, and is also able, somewhat better than Apter, to analyze the continuous dynamics of various movements and developments. Apter's weakness in this respect is, however, more terminological than real; he makes more use of those terms of the structural-functional approach which tend to emphasize static, rather than dynamic, analysis, and he does not seem to utilize fully the latest developments in sociological theory which, through the use of the concept of "phases," have been able to treat dynamic phenomena. But this is a relatively minor point in a book which is—as is Balandier's—a very significant contribution to the field.

Borton's book is, by virtue of its subject matter, much more narrative and historical-developmental in nature than the others we have discussed. It is a brilliant reinterpretation of many aspects of Japan's modern development and brings together, in highly readable fashion, the results of researches in many fields. Its main interest, from the point of view of the problems posed in this review, is the very extensive use of sociological and economic materials, and the attempt to integrate them with the general historical narrative. While in some places these materials are treated as separate topics, they are usually integrated with the narrative to a greater extent than is the case in many historical works.

III

But do all these analytical formulations and approaches teach us anything new about the problems of Westernization, of the adaptation of representative institutions in non-Western countries, which goes beyond the already known facts and the assumptions of common sense? It seems to me that they do. It is obviously difficult to give here a full account of this substantive contribution. At the danger of some generalization and oversimplification, I shall attempt to highlight what seem to me to be its most important aspects.

The special difficulty in the simultaneous development of different levels and types of political institutions, and of the social attitudes and relations necessary for their maintenance and stable operation, is rooted in the specific heritage of unbalanced and uneven change inherent in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the colonial and contact situations. This unevenness of change has resulted in an uneven development of different types of motivations and orientations to various aspects of the modern institutional setting. In some institutional spheres, this development has overemphasized new types of motivations, especially nationalistic solidarity. This overemphasis has been nourished and reinforced by disorganization and relatively unstable behavior in other spheres, such as economic life, administration, and voluntary associations. Stabilization of these areas may appear to the nationalistic leaders as weakening the intensive identification with the new symbols of nationalism. With the transition to independence and the growing emphasis on wider administrative activities and power relations, there may arise a tendency to gear all new developments to the symbols of nationalist identification. Autonomous development of various parties and social groups, therefore, may sometimes be viewed as interfering with the stabilization of the basic institutional framework. Such tendencies can be discerned in many of the newly independent ex-colonial countries. Thus, in Indonesia, India, and Burma, the nationalistic movement was built to some extent on the economic disorganization that took place in the colonial society. Once in power, however, these movements were not always able to remedy the former situation, partly because of the fear that the development of economically independent forces might undermine the power positions of the nationalist leaders.

Another result of this type of analysis is a demonstration that the most general and important variables, from the point of view of the stability of governmental institutions in general and of some type of representative institutions in particular, are not necessarily to be found in the strength or weakness of the traditional and undeveloped sectors of the community. These variables are not even contingent upon the present stage of economic development, but rather upon the nature of the process of transition from the traditional to the modern, from the colonial to the independent setting. It is important to identify those elements in this process which can help in the development of autonomous social groupings and independent centers of prestige and power within the society and which are, like many modern formal institutions, organized according to criteria of universalism, specificity, and achievement. Moreover, these elements must have a solidarity and independence of their own in order to make it possible to work with groups and organizations which, even if they themselves are not organized according to these principles, have some basic orientations to the new institutional framework. Only then can their interests and points of view be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

mediated by elites and representatives. Thus a traditional elite may sometimes help in the development of new political loyalties. Apter's speculation on the possibility of the traditional chiefs of the Ashanti becoming a loyal opposition is very illuminating in this regard. Borton's analysis, on the other hand, shows how part of the traditional elite in Japan, by becoming the main agent of modernization, has also successfully hindered the development of democratic institutions.

It is important to stress certain implications of the last point. If it is correct, it means that successful maintenance of modern political institutions does not necessitate the complete abolition and disappearance of traditional organization based on ascription and particularism. It has already been shown that even in the economic sphere, where the importance of universalism, achievement, and specificity is much greater than in the political sphere, and where considerations of solidarity are less important, development can take place through the utilization and organization of traditional settings, given appropriate conditions.[1] The same may apply with even greater force to the political sphere. True, the rapid disorganization of the traditional settings may give rise to general disorganization and thereby provide impetus to the development of mob mentality and consequent political instability. What is of greater importance is the extent to which the various traditional settings can be gradually transformed, although not necessarily abolished, through incorporation within the modern institutional framework, and thus reinforce the more modern organizations and groups. The strategic problem, then, is the possibility of developing various intervening mechanisms and mediating institutions which can facilitate the establishment of modern mechanisms within the society by developing basic solidarity and identification and gaining the contingent support of competing elites.

These insights can be found mainly in those books which work within an explicit, theoretical, sociological framework. Apter's discussion of the nationalistic movement in the Gold Coast and of the various parties and groups within it provides an analysis of many of the positive and negative developments from the standpoint of the operation of such intervening and mediating mechanisms. Balandier's book, although it does not deal explicitly with this problem, contains many useful and

[1] See Robert Merrill, "Some Social and Cultural Influences on Economic Growth: The Case of the Maori," *Journal of Economic History*, XIV, No. 4 (1954), pp. 401-8; H. Lamb, "The 'State' and Economic Development in India," in Simon Kuznets, Wilbert E. Moore, and Joseph J. Spengler, eds., *Economic Growth: Brazil, India, Japan*, Durham, N.C., 1955, pp. 464-95.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

illuminating insights into the role of various nativistic and religious movements, as well as of more modern types of association.

IV

Within this context, however, the special potential value of historical case studies stands out. It is only through a painstaking sociological-historical analysis of the traditional social structures and of the initial phases of contact that some of the main factors in the development of such adjustive mechanisms can be discerned. The two books of this type which we are reviewing here exemplify some of the problems and promises of this approach. Both Powell's and Chang's book are contributions in their own right to important aspects of Chinese social structure and history, and have wider implications than can be dealt with in this article. But certain insights must be mentioned.

Powell's book deals chiefly with the attempts at military reform at the end of the Manchu dynasty and with the initial stages of the development of warlord-ism. In a skillful analysis he shows how, when the Manchu Empire began to disintegrate under both outside and inside pressure, the warlords emerged as one of the main new social groups. The development of this group is seen not as a side issue to the development of the nationalistic movement, but rather as one of the most important structural results of the contact situation—a result which greatly influenced the fate of the nationalistic movement itself. The very fact that this group could not be easily integrated into a new institutional pattern has strongly affected the outcome of modernization in China.

Chang's book is a very interesting attempt to analyze the role of the gentry in nineteenth-century Chinese society. Several chapters deal with the main groups of the gentry ("gentry" being defined as the holders of examination degrees), their composition and social origin, their privileges and their functions in the society, especially at the local level. The novelty of this approach lies in the use of sociological categories for the analysis of a whole ruling group in a non-Western society and in the attempt to employ quantitative statistical methods.

There are several grounds on which the book might be criticized. First, the sample from which the gentry population was drawn is not entirely adequate, and in the tables there are so many categories on which no information is available that some of the conclusions seem to be doubtful. Moreover, the rather arbitrary definition of gentry as holders of examination degrees presupposes that they constituted

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a unique, homogeneous group and not merely a classificatory category. In a way, the book also begs the whole problem of the relations between the holders of the political offices, on the one hand, and the landowner and merchant groups, on the other. But despite these criticisms, the very novelty of the approach and the abundance of material presented make it an important pioneering work. Furthermore, it deals, even if somewhat indirectly, with one problem that bears on our interest in change in traditional societies. One of the most significant factors in the development of the Chinese gentry in the latter part of the nineteenth century was the swelling of their ranks by various irregular means—buying of offices, conferring of degrees on military and provincial personages, etc. Perhaps even more important, however, was the fact that many of the new forces in Chinese society tried to find expression through joining the ranks of the gentry rather than through forming a new social group.

It can be said without hesitation that some of the more valuable contributions of these two books can be derived from their sociological orientation. Although this orientation is somewhat more explicit in Chang's book, both studies would have benefited from the use of more fully analytical sociological concepts. Thus, for instance, they might well have contained a fuller discussion of the relations between the ruling class and the population, and an analysis of the organization and orientations of the traditional society, such as Marion Levy has attempted to make.[2]

V

The books considered here contain a rich harvest for anyone interested in the problems of non-Western societies and in the processes of modernization taking place in them. But—to return to our earlier question—what do they tell us about the contribution of the various social sciences to the analysis of these problems? What answers, even if tentative, can we give to some of the questions raised at the beginning of this review? On the whole, it can be said that the social sciences show positive signs of being able to cope with such problems. Although systematic analysis is only beginning, the beginning is promising. But it also seems that in coping with these problems the social sciences will have to use increasingly analytical tools. The works under review indicate that the more refined the analytical tools, the greater the con-

[2] See Marion J. Levy, Jr., "Contrasting Factors in the Modernization of China and Japan," in Kuznets, Moore, and Spengler, eds., *op.cit.*, pp. 496-536.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tribution to our understanding of these problems. In contrast to the analysis of certain aspects of Western societies, the basic institutional background cannot be taken for granted here, and we cannot rely simply on descriptive material. The refinement of analytical tools does not necessarily mean the creation of new terminology. It requires, instead, a greater sensitivity to crucial points and problems that are not clear to the naked eye of "common sense." This is best seen in the analysis of situations of rapid change where systematic sociological analysis has discovered, as we have shown, various aspects that were not otherwise discernible and that often ran counter to the usual "common sense" assumption.

This need for a sharper focus seems to apply also to the relation between sociological and historical studies. In the study of non-Western societies, neither discipline can take for granted knowledge of background. Hence a greater rapprochement is needed—a greater interest on the part of social scientists in historical material and perspective, and a greater use of the tools of social science by historians.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PROSPECTS FOR AN INTERNATIONAL ECONOMY

By BENJAMIN HIGGINS

Gunnar Myrdal, *An International Economy: Problems and Prospects*, New York, Harper & Brothers, 1956, 381 pp. $6.50.

ONE of the striking features of Gunnar Myrdal's newest work—considering that he is Secretary-General of the Economic Commission for Europe and hence immersed in European problems—is that so much of it is directed toward problems of underdeveloped areas. The book is encyclopedic in scope, but it has a connecting theme: the disintegration of the world economy since 1913 and the need to do something about it. Myrdal states frankly at the outset that his analysis rests on a value judgment: that economic integration is a "good thing," and that equality of opportunity is the keystone of economic integration. A second value judgment is "that the attainment and preservation of a democratic form of government is desirable" (p. 15). According to our standards, the countries in the Soviet orbit are far from democratic, Professor Myrdal adds, and for the most part his book is concerned only with countries outside this orbit.

Myrdal recognizes that international integration must be based on national integration. In his view, traditional internationalism, seeking a short cut to international integration by abolishing national economic policy, is both reactionary and ineffective (p. 52). National integration has already been realized in large measure in advanced countries. Unfortunately, Myrdal argues, the form of nationalism has been such as to impede internationalism. The one major effort at international integration since the war—the program for West European cooperation—was essentially a failure. The system of international payments that prevailed before World War I has broken down, and neither labor nor capital now moves with the freedom that it did in the early twentieth century. The cold war has retarded internationalization of foreign aid, has destabilized international commodity markets by encouraging an erratic stockpiling policy, and has undermined the liberal foundations of Western culture. In this gloomy picture, the "drive for independence and development" of underdeveloped countries, and the efforts of the West to assist them, are a relatively bright spot. Even here, however, there are flaws in the canvas.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It is not possible to deal adequately in a single article with the whole range of ideas in this stimulating book. The reviewer has decided to concentrate on those international relationships which interest him most —especially since he knows that they also represent Professor Myrdal's major interest—*viz.*, the relationships between advanced countries (especially the United States) and the underdeveloped ones. This field is itself broad enough. Within it, the reviewer has limited himself to four topics: foreign aid policy; trade versus aid; commercial policy of underdeveloped countries; and the special role of the United States.

I. Foreign Aid Policy

Myrdal is critical of the "to him who hath shall be given" principle which has guided foreign aid during the first postwar decade. The United States has been the chief donor, but the greater part of its donations, including most of the Marshall aid, has not gone to the underdeveloped regions. His point is well taken. From the end of the war to the end of fiscal 1954, net loans and grants from the United States reached a total of $46,847,000,000. Of this amount, $12,181,000,000 went for straight military grants. Something under $1,000 million of the total represents contributions to international agencies, leaving some $34 billion as clear-cut bilateral capital assistance for economic reconstruction and development.

Thirty-four billion dollars is a substantial sum; but most of this amount consists of Marshall aid to Europe. Some $25 billion of the total went to Western Europe, mainly for reconstruction purposes. This region includes some countries, such as Greece, Italy, Turkey, and Yugoslavia, that could properly be considered underdeveloped; but these countries together received less than $5,000 million, or less than 5 per cent of the total aid to Western countries, and of this fraction the largest share went to Italy, whose claim to be "underdeveloped" is the least strong of any of this group. The biggest sums went to such advanced countries as the United Kingdom, France, and Western Germany.[1] The Near East and Africa received less than 1.5 per cent of the total, and some three-fifths of this sum went to Israel, the country with the highest per capita income in the region. Asia and the Pacific were accorded some 13 per cent of the total, but over half of this portion went to Japan and Formosa; defense considerations seem to have guided the distribution of funds in this region. Latin America obtained less

[1] A small fraction of aid to the United Kingdom and the Netherlands was used for the British colonies and the Netherlands East Indies (now Indonesia).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than 2 per cent of the total, of which half went to Brazil and Mexico—one relatively advanced country and one neighbor. Thus, while the United States has spent considerable sums on *foreign aid*, it has spent rather little on *economic development of underdeveloped areas.*

Among agencies making loans for reconstruction and development, the United States Export-Import Bank has operated on much the biggest scale. In the allocation of its loans, however, the Eximbank has followed exactly the same pattern revealed in American grants and loans as a whole. Much the same criticism applies to the major United Nations agency for provision of capital assistance, the International Bank for Reconstruction and Development. It is not the underdeveloped countries that have received most help from the Bank. Of the total loans outstanding on June 30, 1954, only about 12.5 per cent had gone to Asia and the Middle East, and a bit over 10 per cent to Africa. For both areas, electric power and transport constituted the purpose for the bulk of the loans. Latin America accounted for nearly one-quarter of the loans outstanding, but these went mainly to such relatively highly developed Latin American countries as Brazil and Chile. The capital requirements of the underdeveloped countries will obviously not be met if ordinary banking principles are applied.

Myrdal, quoting R. M. Bissell, Jr., makes an interesting suggestion: ways should be found of inducing the international capital market to play its proper role in channeling capital from countries where it is relatively abundant to those where it is scarce. He believes that practical proposals, based on careful research, would not fall on deaf ears. Professor Myrdal has elaborated on this idea in conversation. He has pointed out that financial institutions are no longer permitted to pursue short-sighted and selfish profit-maximizing policies insofar as their domestic operations are concerned. On the contrary, they have been compelled to serve the interests of national policy, including improvements in income distribution, maintenance of full employment without inflation, and the like. The problem now is to make these institutions play a similar role internationally, promoting the aims of agreed international policy.

To the reviewer, two things seem essential to any such policy. First, capital must be provided in bigger lumps than private organizations have hitherto found feasible. In underdeveloped countries it often happens that each of a series of one hundred $1,000,000 loans would be rejected on banking principles, while a single investment of $100,000,000 might be very worthwhile indeed. Some means must be found to persuade private institutions to make loans of this order. However, institu-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tional rearrangements would be necessary on the marketing side as well. For very often the major benefits derived from such large-scale investments are in the form of "external economies," rather than direct returns through sale of the immediate product. Consequently, if such large units of investment are to be made attractive to private enterprise, some means must be found of permitting either the borrower or the lender to cash in on the external economies as well as on the direct returns. These two requirements probably involve collective action by groups of financial institutions, and we may need to recast our thinking about the merits and demerits of "combination" in the field of finance.

The problem of inducing a larger volume of international capital movements, however, is not merely one of increasing the *supply* of international capital; in some of the countries that need it most, it is also a matter of increasing the *demand*. Nationalist revolutions and the recent emergence from colonialism—especially in the neutralist countries, which count most in this context—have left an aftermath of suspicion of foreign enterprise. In some of these countries there is a firm resolve not to allow "foreign-monopoly-capitalist-imperialists" to gain access to the country's "rich natural resources." Yet direct investment in resource development is often the most attractive form of investment to foreigners.

One solution to this dilemma is the "management contract." Where there is a large domestic market for an existing product, a contract can sometimes be arranged whereby a national company is set up, with management hired from a foreign company producing the product. The new national company is granted licenses to import from the foreign "managing" concern in certain amounts and for certain periods. During this time the new company, with technical and managerial advice from the foreign firm, builds a local plant to produce the same commodity. The foreign firm may continue to operate the new plant until it is possible for the host country to take over the operation entirely. In the case of exports for which there is no significant domestic market, the foreign managing firm must set up a plant immediately, which is not quite such an attractive proposition as a rule. However, the arrangement can involve handsome profits for the foreign concern even if they are disguised as management fees. Some management contracts between Latin American countries and foreign oil companies have actually proved more profitable to the companies than the usual "fifty-fifty" arrangement. At the same time, the arrangement has the great advantage that the *ownership* is national from start to finish.

But it is not only foreign investment that is suspect in these countries;

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

foreign aid is equally carefully examined for possible threats to sovereignty and independence. For this reason foreign aid with strings attached is likely to fail in the very purposes for which the strings were designed. Professor Myrdal quotes ex-Ambassador Chester Bowles: "Anyone who knows South Asia also knows that if Point Four aid seems to be in any way tied to our military and alliance system it will be rejected by most of the nations which are in greatest need of help" (p. 127). In short, exacting a promise to fight on our side as a basis for aid may result in these countries refusing aid and not fighting on our side.

Similarly, failure to provide aid to governments which are slightly too far to the left for American tastes may result in the United States having to choose between an extreme right-wing or an extreme left-wing regime. On this point Myrdal quotes Eugene Staley: "If we do not give vigorous support to governments that are trying to move in progressive, democratic directions when they need it and want it, we are likely to be forced into the position later of having to back a government that is bad by our standards for the sole reason that it is the only available alternative to a Communist regime" (pp. 125-26). Some observers have contended that this sequence is exactly what happened in China. It might be argued that the Egyptian crisis arose out of similar attitudes; it is possible that wholehearted aid to Nasser's program for economic development would have prevented the whole Suez affair. There is danger that failure to assist the Indian government without reservations may have this result. Even in the Philippines, with their increasing disparities in income and wealth, and rising unemployment combined with rising national income, failure to provide assistance for the policies and regimes that might be able to overcome these problems may someday present the United States with an unpleasant choice between a Fascist and a Communist regime. There is no denying the risk involved in providing economic aid to governments whose future international relations and domestic policies are uncertain; but the risk attached to the alternative approach is even greater.

Myrdal also contends that the burden of foreign aid should be more widely distributed. The United States is bearing more than its share, even when world income and population are taken into account. He suggests that the Scandinavian countries, for example, should accept a greater portion of the responsibility. On the other hand, Myrdal admits that "the awkward fact of the United States' bigness" makes truly international aid difficult (p. 130). "Under any system of fair shares," he points out, "the material contribution of the United States must be by

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

far the largest of any country." Such being the case, the United States is likely to choose to "go it alone" whenever it really matters, to the detriment of development of international aid.

Unfortunately, there is another awkward fact to be considered; that the Soviet type of economic organization "presents itself as fundamentally a system for the development of underdeveloped countries" (p. 144). Moreover, in Asian and African countries there does not exist the "high degree of immunity against a spurt of sympathy for the Soviet system" that is found in Western Europe. While the resistance to communism provided by Islam and village democracy in Asia should not be underestimated, there can be no doubt that the Asian and African countries have relatively little admiration for the economic system of the West. Islam is on balance a Westernizing force in Asia, but the tendency to cling to the form of village society is a barrier to development along Western lines. The trouble is that we must sell our economic and political system along with our aid. Here we are severely handicapped because we no longer know exactly what our system is. Certainly it is not Manchester liberalism that we want to sell to underdeveloped countries; and an articulate and integrated exposition of the economics and politics of a managed society has yet to be written. Meanwhile, the cold war makes us eager to attach strings—in the form of military agreements or insistence on congenial regimes—with the effect of reducing the amount of aid actually accepted and given, and opening the door to economic aid from the Soviet bloc, with all that aid entails in influencing the future course of the uncommitted countries.

II. Trade versus Aid

In the face of these difficulties in formulating an effective and acceptable foreign aid program, it is not surprising that "trade not aid" is a recurrent cry. Myrdal chooses to quote Professor Jacob Viner in this regard: "We should not use foreign aid as conscience-money payments for our tariff. . . . A reduction of our trade barriers, which after fifteen years of being whittled away still remain formidable, can be of greater benefit to other countries than all the much-advertised grants, loans, and technical aid" (p. 290). Myrdal gives qualified support to this view: "Indeed, one of the substantial aids advanced countries could give underdeveloped countries would be to use their bargaining power against them with greater consideration" (p. 292).

But trade in what? Here we encounter one more awkward fact: advanced countries are generally superior in production of foods and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

raw materials as well as in manufacturing. One of the most distressing experiences of the foreign economic adviser in underdeveloped countries is the discovery that indigenous agricultural products are produced at very high cost, and cannot compete in a free market with imports from more advanced countries. Thus one finds Louisiana rice competing with native rice in the Philippines, imported dates competing with home-grown dates in Libya, and California oranges outselling the native product in the Riauw archipelago of Indonesia. The simple truth is—as Mrydal contends by quoting J. K. Galbraith—that "a purely agricultural country is likely to be unprogressive even in its agriculture" (p. 227). Myrdal adds, "Industrialization creates technology which can then be applied to agriculture but not vice versa."

Moreover, Myrdal argues, the present pattern of production and foreign trade in underdeveloped countries is by no means a reflection of comparative advantage, in terms of factor proportions and cost-price relationships. On the contrary, there is a "cumulative process away from equilibrium in factor proportions and factor prices, engendered by international trade" (p. 225) because of the imbalance in the economies of underdeveloped areas. This imbalance is not the result of market forces, but a reflection of colonial policy. "The governments of the metropolitan powers," Myrdal reminds us, ". . . were unable to undertake any great sacrifice in order to promote a general and balanced industrial development of their dependencies. However, they did conceive a clear interest in building up economic enclaves there . . . and in treating their dependencies as protected extensions of their home markets for their industries" (p. 225). The drive for industrialization in underdeveloped countries must be examined against this background.

In the reviewer's opinion this argument could be stated in even stronger terms. In most of the underdeveloped countries there is just no hope of achieving high living standards through agricultural improvement alone. Sheer arithmetic forbids any such possibility in many of them. In India, for example, where soil and climate are not suitable for a highly productive agriculture, it is likely that an output in excess of $200 per capita (not per worker) in peasant agriculture is a technical impossibility so long as the present size of peasant holdings continues, no matter how much is done in the way of introducing fertilizers, seed selection, improved irrigation, and the like. And if 70 per cent of the labor force remains in agriculture, the achievement of a per capita national income of $400 per year then becomes extremely difficult, and is clearly impossible without developing an extremely efficient industrial sector employing the other 30 per cent of the labor force. Even within

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

single countries, the terms of trade tend to move against agriculture and in favor of the industrial sector; this theorem is even more true of trade between agricultural and industrial nations.

Strict application of the comparative advantage principle might well lead to exactly the opposite policy. Soil and climate are not transferable, and populations are hard to move in large numbers. Techniques, however, are easily moved, and become increasingly transferable with technological progress. Thus, while India may never have a highly efficient agriculture, some observers maintain that it already has the most efficient iron and steel industry in the world. On the basis of comparative advantage, India should probably be an importer of foodstuffs and an exporter of products of heavy industry. Similarly, it is virtually impossible to design an *agricultural* program that would achieve high per capita income on the island of Java, with its thousand people per square mile. But it is not at all impossible to imagine an industrialization program that would achieve relatively high per capita income for Indonesia, through the use of her mineral resources and her hydroelectric power potential. Indonesia could well become an exporter of aluminum, tin products, copper products, and the like.

In the past, arguments for diversification of economies have been put just the wrong way around. The intention is not primarily to stabilize an economy—as Myrdal suggests. The argument for diversification as a means of reducing instability arose during a period when the extreme instability of the American economy tended to spread outward to other countries, particularly producers of raw materials and foodstuffs. But let us imagine that the United States succeeds in its brave hopes for steady growth. Let us also imagine that underdeveloped countries diversify to the point of becoming self-sufficient, in investment as well as in production. The main determinant of income and employment in these countries would then be domestic investment. Since some of this investment would be in risky enterprises, domestic investment could be very unstable indeed, and consequently the economy as a whole might be subject to severe fluctuations. If these economies were relatively open, while the American economy was stable, international trade would tend to damp economic fluctuations. Rising national income (inflation) would lead to diminished exports and increased imports, thus checking the boom. Conversely, deflation would lead to rising exports and reduced imports, damping the downswing. This whole question is one which needs re-examination when the assumption that the dominant economy is unstable is replaced by the assumption that it is stable.

The main purpose of diversification, then, is not to stabilize an

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

economy, but to permit economic growth. If a country wants to increase its output at a faster rate than the world market is expanding, it cannot be content with retaining its share in world markets. Industrialization is therefore a virtual necessity. Even plantation products, where soil and climate advantages are most clear cut, face doubtful futures because of increasing competition from synthetics. At best, plantation products can expect a gradual decline in their *share* of the world markets. Such a development is not incompatible with absolute growth of plantation production, but it does imply a falling share of plantation production in national production, if the country is to raise its income at a faster rate than world markets expand. If productivity in plantations keeps pace with productivity in industry—and if it does not, it is likely to lose out even more rapidly to competing synthetics—the share of plantations in national employment will also fall. Industrialization appears to be the only solution.

In short, it is not simply that balanced growth is better than unbalanced growth; it is rather that these countries must have balanced growth in order to have growth at all. These countries must have an agricultural revolution as well as an industrial one. Myrdal quotes Tarlok Singh: "Industrial expansion without agricultural reorganization will leave the bulk of the people in a state of poverty. . . . In other words, we can plan against mass poverty only if we set out to create the conditions of a rapidly expanding and efficient economy both in agriculture and in industry" (p. 206). Myrdal adds, "In most underdeveloped countries, improvement of productivity in agriculture is, furthermore, an essential pre-condition for industrialization."

This point is worth emphasizing. As knowledge of agriculture in underdeveloped countries has grown, the early easy optimism about transferring the "disguised unemployed" from agriculture to industry has disappeared. It is recognized that in many underdeveloped countries *static* disguised unemployment in agriculture is at a very low level. That is, with the present size of holdings and present techniques, the entire labor force in the rural sector is needed at planting and harvesting time. Substantial numbers could not be released from agriculture without a drop in agricultural production, unless the average size of holdings is increased and some degree of mechanization introduced. Cumulative improvement in agricultural productivity on the basis of private initiative will not take place until this initial jump to a more highly mechanized and larger-scale agriculture has been made through government policy. Myrdal is more cautious: "Even if the degree of mechanization in agriculture remains low until the far-off day when

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

labor begins to be scarce, there will from the very beginning of this process be a rising demand for tools" (p. 209). My own view is that we cannot await that far-off day when labor *becomes* scarce, if we want early improvement in per capita output; policy must be designed to *make* labor relatively scarce in agriculture, by simultaneously shifting to a more mechanized and larger-scale agriculture and encouraging a rapid rate of industrialization.

III. Commercial Policy

The unbalanced economies of underdeveloped countries call for special policies; Myrdal speaks of a "double standard" with regard to foreign trade policies, one standard being applicable to advanced countries and the other to underdeveloped ones. With this point the reviewer heartily agrees. The classical dicta with regard to free trade were based on a kind of marginal analysis which is quite inappropriate when the problem is one of inducing large discontinuous jumps to a completely new structure and level of employment and output. Indeed, given the degree of misallocation of resources already existing in underdeveloped countries, relative to what could be achieved through such a "big push," it may well be that any "distortion" of the price-cost structure through government intervention would bring about an improvement. Certainly a properly planned intervention will improve rather than worsen the resource allocation of underdeveloped countries.

Myrdal is lukewarm about cooperation among underdeveloped countries with respect to foreign trade. He does not deny that such cooperation may have its uses, but he says that "the scope for such a cooperation is naturally limited, as almost by definition partnership is more natural between underdeveloped and developed countries than between underdeveloped countries by themselves" (p. 259). This statement seems somewhat inconsistent with Myrdal's insistence that underdeveloped countries be permitted—and indeed urged—to industrialize and shift to a more extensive and mechanized agriculture. If this were done, it is by no means clear that cooperation among underdeveloped countries would be less natural than among advanced ones. It is the reviewer's opinion that regional planning among countries in Asia and Africa is long overdue. Industrialization is not tantamount to every country endeavoring to produce everything, and some integration of national plans to avoid costly overlapping is surely desirable. For example, it might be advantageous to both countries for Indonesia to leave iron and steel production to the Philippines, while the Philippines stay out of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rubber and aluminum and do not expand their petroleum refining capacity. Such questions require careful study, but if the Economic Commission for Asia and the Far East could be made an effective agency for international planning, this kind of question is one that they might well tackle.

Meanwhile, import replacers are the most hopeful avenue for industrial development. Myrdal points out that both the price elasticity and income elasticity of demand for agricultural products is very low, while the marginal propensity to import of agricultural countries is high. Consequently, if underdeveloped countries are not to incur serious drains on their foreign exchange balances through their efforts to develop, they must find either new exports or import replacers. The latter is clearly easier. In the case of Indonesia, for example, the two avenues of development which seem most promising, especially as regards the balances of payment, are processing its own raw materials (petroleum, tin, bauxite, and the like) one or more stages further or developing import-replacing industries—especially in the island of Java, with its concentrated market. The former is a more capital-intensive measure than the latter. There is nothing unnatural about this sort of development; on the contrary, it is precisely the kind that was delayed by colonial policy.

Myrdal points out that if economic development plans are successful, import restrictions do not involve a decline in total imports of underdeveloped countries. They imply rather a shift in the composition of imports, while limiting the increase as national income goes up.

IV. Responsibility of the United States

Myrdal does not hesitate to place upon the United States the major onus for development of an international economy. The sheer size of the nation's economy makes this position inevitable. A country with half the world's industrial capacity cannot escape assuming major responsibility for promotion of international economic integration. By the same token, the continuing protectionism of the United States is an international disaster. "The United States, with a gross national product now exceeding 350 billion dollars a year, . . . having since Cordell Hull's time assumed the leadership in a virtual world crusade to break down the barriers to international trade, does not see its way to permit the few hundred million—or, at most, a few billion—dollars a year of additional imports of various commodities that would follow a lowering of its own trade barriers" (p. 40).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The United States also has the major responsibility for stabilization of international commodity markets. What are small fluctuations in American demand for imports are disastrously large fluctuations in demand for exports of other countries. Yet, Myrdal points out, the Randall Report hardly mentions the American responsibilities in this regard. International stabilization requires that the United States should increase the supply of dollars in periods of recession. Myrdal considers it unlikely that such a policy could be pursued. However, with the new commitment to maintenance of full employment, hopes that a recession at home would be followed by expansion of foreign aid and investment are more justified now than they might have been some decades ago.

Apart from fluctuations in the supply of dollars, there is the persistent dollar shortage, which is a major barrier to development of a truly international economy. The difficulty is simply that the foreign aid and investment of the United States are not commensurate to their importance in world markets. "The present dollar problem," Myrdal maintains, "is largely due to the fact that the economy of the United States is not like that of Britain in the nineteenth century and that the United States does not follow today the commercial and financial policies that Britain then did" (p. 72). This point has been made in more graphic terms by Professor Cairncross. For the United States to play the same role today that Great Britain did in the nineteenth century, relative to resources, American foreign investment would have to reach $600 billion and the entire Marshall Plan would have to be carried out twice every year![2]

Given its trade position, Myrdal adds, the United States should be a debtor country. Yet investment conditions are such that the American economy is more attractive to lenders, even in underdeveloped countries. However, this situation need not be disturbing, provided the scale of loans and grants from the United States for long-term development purposes is sufficiently large. An influx of capital for short-term investment from underdeveloped countries in the United States increases to that degree the capacity of the United States for making foreign loans and grants for development purposes without current sacrifices on the part of the American people. The important thing is that any such reverse flow of capital should be more than offset by the loan and grant program.[3]

Finally, we come to the pattern and form of American aid. While

[2] A. K. Cairncross, *Home and Foreign Investment, 1870-1913*, Cambridge, Eng., 1953, p. 3.

[3] This point was first suggested to me by Professor Eugene Grasberg.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Myrdal exonerates the United States from major responsibility for failure of the OEEC, he asserts a tendency of the United States to interfere in the internal policies of European countries toward the end of this experiment in economic integration. At the very least, he suggests that some lessons with regard to American policy in Asia and Africa might be learned from the failure of this experiment. The unfortunate geographic pattern of American aid up to the end of 1954 has already been noted. However, there seems to be hope now that this error at least will be rectified in the near future.

The present problem is a more subtle one. How can "dollar diplomacy" be carried out without being recognized as such? It is natural that the United States should wish to see countries in Asia and Africa develop in certain directions and not in others. It is also natural that she should use her capital and technical assistance as one instrument for achieving these aims. Yet the blatant use of capital assistance as a reward for "good behavior" can boomerang in a quite disastrous fashion. "Dollar diplomacy" can be effective only if it is not recognized as such. Underdeveloped countries need both aid and advice; but whenever there is any suggestion that acceptance of advice is a prerequisite to obtaining aid, both are likely to fail in their objectives. As Myrdal puts it, "The world cannot be run as a company town" (p. 330).

In this respect the present mode of operation of ICA is unfortunate. The same American government agency administers both capital and technical assistance, and the latter sometimes includes advice on policy questions. On the face of it, it is inappropriate for an employee of one government to advise another government on major policy issues. Such a relationship is all the more likely to cause resentment if the advice-giving government is also the economically and militarily powerful one. Worse, with this organization the temptation to suggest that technical and capital assistance are linked is too strong to be resisted by all American advisers. Some of them have been quite open in suggesting that continued capital assistance depends on their advice being taken: "I do not know whether we can persuade Congress to continue aid to your country on the same scale next year if your government persists in its mistaken policy, etc." Such behavior is rightly regarded by the recipient country as an infringement on its sovereignty and independence.[4]

[4] Moreover, a common procedure is for ICA to have its own building, in which experts have their offices and report to the Director of the Mission. They advise the Director on his capital assistance program as well as advising the host government on its policy. With such an arrangement, it is almost inevitable that people in the recipient countries

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The danger of a "boomerang effect" from United States aid could be minimized by having an international agency review development programs as a whole as a basis for capital assistance, along the lines suggested by Professors Millikan and Rostow;[5] and, where possible, by having technical assistance of a kind influencing policy (there is a lot of difference between an expert on rodent control and an economic adviser) provided through the United Nations or Colombo Plan. If this procedure is impossible for political or administrative reasons, at the very least American advisers should be ICA-contract personnel rather than ICA officials. They can then have their offices in the building of the host government, be independent of the ICA Director, and give advice *only* to the host government. This last arrangement is less satisfactory than the first two because the danger of a "boomerang" increases with sheer numbers of American advisers in any country; but it is better than some present arrangements.

Although it may seem ungracious for a Canadian to say so, the reviewer cannot but agree with Professor Myrdal that the major responsibility for developing an integrated international economy lies with the United States. As a mitigating circumstance, the reviewer might plead that he has been openly critical of his own country for failing so dismally to perform its proper role in relations between the West and underdeveloped countries. But only the United States has the resources to assure successful development of the Asia-Africa and Latin America countries along non-Communist lines. Wider understanding of the nature of the problem is probably the major prerequisite to an effective United States foreign policy. It is to be hoped that Professor Myrdal's book, which is so clearly and simply written, will be widely read, particularly by Americans.

---

will link aid to advice, even if ICA officials do everything in their power to keep them apart. The usual practice with United Nations, Colombo Plan, or ICA-contract advisers, on the contrary, is for them to have their desks in that department of the host government which they are assisting, and to advise no government other than the recipient one.

[5] Max F. Millikan and W. W. Rostow, *A Proposal: Key to an Effective Foreign Policy*, New York, 1957.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE RUSSIAN REVIEW

An American Quarterly Devoted to Russia Past and Present

TABLE OF CONTENTS, VOL. XVI, No. 2, April 1957

Articles

Paul Miliukov—Historian and Statesman ..... Alexis Goldenweiser
The Role of the Military in Recent Soviet Politics ..... Raymond L. Garthoff
Sholokhov and Tolstoy ..... Helen Muchnic
The Russian Revolution and Wilson's Far-Eastern Policy .. Betty M. Unterberger
Clues to the Soviet Political Archives ..... John A. Armstrong
The Imperial Russian General Staff and India ..... Warren B. Walsh

Book Reviews *Book Notices*

Subscription, $5.00 a year, single copies $1.25

THE RUSSIAN REVIEW

235 Baker Library **Hanover, N. H.**

THE REVIEW OF POLITICS

A Quarterly Published by
The University of Notre Dame

The April 1957 issue will include the following articles:

Josef Pieper, Knowledge and Freedom.

Henry S. Albinski, The Concept of Partnership in the Central African Federation.

Hans Kohn, Nationalism in the Low Countries.

Leo R. Ward, John Dewey in Search of Himself.

W. F. Murphy, The Political Thought of Gerrard Winstanley.

Annual Subscriptions: U.S. and Pan-American, $5.00;
Foreign, $5.40. Single issues, $1.50 each.

Address: The Editors, Review of Politics,
P.O. Box 4, Notre Dame, Indiana.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INDIAN PRESS DIGESTS

ELECTIONS IN INDIA

(1951 through 1956)

- Election procedures, political parties, voter response
- Statistical analyses of elections and by-elections
- The law, the courts, the causes of by-elections
- Elections in Travancore-Cochin and PEPSU (1954); Andhra (1955)
- Twenty-one tables; two constituency maps of Andhra

INDIAN PRESS DIGESTS—Monograph No. 3
The Indian Experience with Democratic Elections
200 pages $1.50

Order from
INDIAN PRESS DIGESTS
UNIVERSITY OF CALIFORNIA—BERKELEY 4, CALIF.

in the Winter issue of

THE MIDDLE EAST JOURNAL

IRAN: A TVA FOR THE KHUZESTAN REGION
GORDON R. CLAPP, former head of the Tennessee Valley Authority, discusses plans for Iranian development

THE PROBLEM OF REGIONAL SECURITY IN THE MIDDLE EAST: AN APPRAISAL
MAJID KHADDURI examines the reasons for previous failures and the likelihood of future success of security systems

THE IMPACT OF URBANIZATION IN ISRAEL
BERNARD D. WEINRYB describes demographic change in Israel

THE JAMA'AT-I-ISLAMI OF PAKISTAN
FREELAND ABBOTT analyzes the workings of a religious party

THE KURDS OF IRAQ
C. J. EDMONDS reports on the current status of Iraq's largest minority

$1.50 per copy **$6.00 per year**

THE MIDDLE EAST INSTITUTE
1761 N ST., N.W. WASHINGTON 6, D.C.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED